

Mr. CONNALLY. Mr. President, I want to ask the Senator from Pennsylvania if, when he proceeds in the morning, it will be to discuss the Wheeler amendment or the gold-content question?

Mr. REED. Partly the Wheeler amendment but chiefly the gold content.

Mr. McNARY. The Senator from Pennsylvania desires to be recognized for the purpose of speaking first in the morning?

Mr. REED. Yes.

The PRESIDING OFFICER. The Senator from Pennsylvania has been recognized for that purpose.

Mr. REED. I yield now to the Senator from Texas [Mr. CONNALLY].

CROP-PRODUCTION LOANS TO FARMERS

Mr. CONNALLY. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers and for crop production and harvesting during the year 1933, and for other purposes. I have consulted about it with the minority leader, the Senator from Oregon [Mr. McNARY]. This is an amendment of the Crop Loan Production Act, which makes it possible to loan to wheat farmers who grow winter wheat. It must be acted on quickly, because the loaning period expires the 1st of May.

Mr. McNARY. Mr. President, as I recall the statement of the Senator from Texas to me, this is a House joint resolution which was referred to the Committee on Agriculture and Forestry and by that committee reported favorably and is now on the calendar.

Mr. CONNALLY. That is correct.

Mr. McNARY. I have no objection.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 2 of the act of February 4, 1933 (Public, No. 327), be, and the same is hereby, amended by adding at the end of the first sentence thereof the words "and in the case of summer-fallowing or winter wheat, a first lien, or an agreement to give a first lien on crops to be harvested in 1934, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security."

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 11 o'clock tomorrow morning.

Mr. McNARY. Mr. President, a number of Senators have expressed to me the hope that, in view of committee meetings and pressing office work, we shall not meet tomorrow until 12 o'clock. I hope the Senator will agree to that. If we do not conclude consideration of the amendment tomorrow, I shall be very happy to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. I think that all Senators recognize that, if possible, we must get this legislation passed. I have refrained from asking for a night session. I hope that we may go along in the ordinary course and get through with the bill. I do not want anyone denied an opportunity to express himself, but we are about to make a freight train out of this measure. Attached to the engine are numerous box cars carrying every kind of provision, and it is getting to the point where I am afraid the engineer and conductor cannot keep it on the track.

Mr. McNARY. I share that feeling, but I feel certain that if we meet at 12 o'clock tomorrow we can dispose of the pending amendment. If we do not dispose of the bill tomorrow, then I shall be glad to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. Will the Senator join with me in an endeavor to hold a night session tomorrow?

Mr. McNARY. Let us compromise by taking a recess until 11:30 tomorrow morning. That will give us more time.

Mr. SMITH. Then I will modify my motion, and move that the Senate recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 25, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24 (legislative day of Apr. 17), 1933

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARIES

Sumner Welles to be Ambassador Extraordinary and Plenipotentiary to Cuba.

Breckinridge Long to be Ambassador Extraordinary and Plenipotentiary to Italy.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O give thanks unto the Lord; for He is good, and His mercy endureth forever. We praise Thee; we thank Thee for Thy unfailing care. By the vision, by the passion of our patriotism, by the fervor of our industry, by the stern ideals of duty, may we prove ourselves worthy of the public trust. In every way, O Lord, make us instant to expose wrong, quick to detect evil, and ready to denounce the unjust. Almighty God, as the Ambassadors of disturbed lands gather in state in yonder executive chamber, O fill the unseen chair at the council table. By the ministry of brotherhood may they enter into cooperation with Thee and hasten the golden age of the world. Grant that their deliberations may be as coals of fire upon all rivalries and animosities that pall mankind. May they redeem all lands from their desperate condition. O welcome the day when they shall give back the song of the angels—"Peace on earth, good will to men." And may they never again keep step to the grim music of the hymn of hate. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of Saturday, April 22, 1933, was read and approved.

EXTENSION OF REMARKS

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a radio address delivered by Mr. Edward A. O'Neil, president of the Farm Bureau Federation, on April 21, 1933.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. Mr. Speaker, I reserve the right to object. Is this a Member of the House who delivered this address?

Mr. GOLDSBOROUGH. No. It is Edward A. O'Neil, president of the Farm Bureau Federation.

Mr. CLARKE of New York. Oh, he is just one of these farm agitators. I object.

MUSCLE SHOALS

The SPEAKER. Pursuant to House Resolution 111 the next business in order will be the further consideration of House bill 5081, the Muscle Shoals bill. The gentleman from Michigan [Mr. JAMES] has 2 hours and 9 minutes left and the gentleman from South Carolina [Mr. McSWAIN] has 2 hours and 2 minutes left.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I rise to speak in favor of this bill, believing that it is one of the best bills that this session of Congress has considered. The question of the operation of Muscle Shoals has been before Congress for the past number of years, but for some reason or other it has been always sidetracked, and we have never been able to enact satisfactory legislation covering the project. This bill from every standpoint should be promptly enacted into law, so that the Tennessee Valley and the farmers of the Nation may have the benefit of it.

FERTILIZER PRODUCTION

Not only will it reduce the price of fertilizer to the farmers but it will assist in the reduction of electric-power rates to all people in the area generally affected by this project. This measure gives wide authority either to operate the present plants or to lease them for production of nitrogen or for other fertilizer ingredients for agricultural purposes. Adequate safeguards are placed in the bill to protect the marketing of these products.

GENERAL PURPOSES OF BILL

It is well recognized that there are four distinct fields of usefulness in which a valuable service can be rendered by the Muscle Shoals project:

First. Nitrate manufacture for national defense.

Second. Fertilizer production.

Third. Power development.

Fourth. Navigation improvement.

All who favor this legislation hope and believe that each of these projects will be well developed and the work carried on under an administration friendly to the purposes for which the act is created.

I trust that the gentlemen on the other side of the aisle will join with us in the speedy enactment of the legislation.

MUNICIPALLY OWNED POWER PLANTS

I have in my district six municipally owned light plants that have made a wonderful record of progress in furnishing their customers power at cheap cost. These plants are located in the following cities: Denton, Sanger, Bowie, Burkburnett, Vernon, and Seymour. I hold in my hand a press copy of the record which the plant in Denton, Tex., made in the reduction of power rates. I ask unanimous consent to insert this brief statement in the RECORD as a part of my remarks.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object. Is that newspaper publicity?

Mr. McFARLANE. It is not. It is just a statement by the mayor of Denton, Tex., showing the record made by the municipal light plant of that city. It is not lengthy.

Mr. CLARKE of New York. Mr. Speaker, I think our RECORD is now already overlogged and, so far as I am concerned, I shall register an objection to that.

Mr. RICH. The gentleman is taking my time. I expect to register an objection.

Mr. CLARKE of New York. The gentleman's time is just as valuable as mine. I object.

Mr. McFARLANE. Then I want to briefly refer to it and read it into the RECORD.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. His own remarks?

Mr. McFARLANE. My own remarks.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. TURNER].

Mr. TURNER. Mr. Speaker, the question of further development and appropriate use of the great hydroelectric plant at Muscle Shoals has recurred with unvarying regularity at every Congress since the ending of the World War. Those who would be most directly affected—those who would enjoy the largest measure of benefit from its use—would be the people of Tennessee and Alabama. Three counties in my district border on the Alabama line, and it is less than 60 miles from the geographical center of this district to the Wilson Dam at Muscle Shoals.

Our people, during all the years that have intervened since the utilization of Muscle Shoals Dam was first proposed in Congress, after the ending of the World War, have alternated between feelings of high hope and deep disappointment. They have not been able to understand why the declared purpose of the Government in building the great plant there for manufacturing nitrates to meet the

exigencies and demands of the World War and for the further purpose of manufacturing fertilizers for peace-time use should not have been carried out.

The failure to use this great power development, in which the Government has invested the peoples' money, of approximately \$147,000,000, can only be explained and accounted for by the well-known organized opposition of the great power and fertilizer companies.

The methods of propaganda used by power companies, of political manipulation, of the uncontrolled and corrupt use of millions of dollars, have been disclosed by an investigation of the Federal Trade Commission in which it was shown that these great interests bought newspapers, controlled others without owning them, subsidized college professors and teachers, and controlled political conventions and legislatures. These great interests fear that the people of the entire United States will have a great scale illustration of the cheapness of the cost of production and distribution of power and fertilizer, so they have not and do not spare effort or expense to kill every attempt to develop it.

Mr. Speaker, the people of Tennessee, of Alabama, of the South, and of the whole country—those who believed in the use of this great power development for furnishing cheap electricity and cheap fertilizers—were deeply discouraged until President Roosevelt became the candidate of the Democratic Party for President. All that was known of his trend of thought, of his policies and beliefs, and his courage for action with reference to power development and control while he was Governor of New York, gave assurance that if elected he would see that proper use of this great project would be made.

Mr. Speaker, after he was elected he gave to representatives of the public press, down at his Warm Springs home in Georgia, an outline of a great experimental demonstration which he would make—of what might be accomplished for the direct benefit not only of the Tennessee Valley but the surrounding States, and for its educational value to the people of the United States. In the great area comprising the watershed of the Tennessee River and its tributaries—40,600 square miles in extent—a great laboratory test would be made, an experiment of vast proportions, of far-reaching benefits—an experiment which might profoundly and helpfully affect the people of the whole United States.

This development scheme would begin with the great Wilson Dam at Muscle Shoals as the nucleus of operations and extend up the valley and to the far-away mountains of Virginia.

The bill which we have under consideration sets forth the powers and duties to be exercised by the officials of the "Tennessee Valley authority", a corporate body to be set up, whose directors and officers are appointed by the President, and sets forth in detail the ends and objectives of the measure and the manner in which they shall be achieved.

In this great laboratory test there will be carefully planned use of many different resources, together with the development of various activities. The great dam at Muscle Shoals, which is the major factor in the combination, would be further developed and more fully equipped by the addition of other power units for generating electricity as needed to attain maximum capacity. The power developed will be used for manufacturing fertilizer—nitrates—fertilizers in concentrated form and of high availability as plant foods. The best fertilizers that chemists and scientists can evolve will, no doubt, be made here and made available under the terms of the bill for demonstrations and tests at all the demonstration farms, the agricultural-college farms, and on those belonging to farmers throughout the United States who will use them under such conditions as will permit an estimate of their practical value. It is further provided that fertilizers shall be sold, giving preference to farmers, at cost, plus 4 percent. In this way—through such experiments and use—the farmers everywhere will be able to realize in a practical manner the maximum of benefits to be derived from their lands and their labor.

The surplus of electric power under the terms of this bill will be disposed of at wholesale prices to cities, towns, States,

corporations, partnerships, and individuals and cooperative organizations of farmers and citizens—preference always to be given to those who are not procuring it for the purpose of selling for a profit. Should it become necessary to assure low rates for the people, the corporation controlling the Muscle Shoals property is authorized to lease or build transmission lines to carry electric current to towns, communities, or cities. The building of transmission lines by the authority at Muscle Shoals will depend on the success of efforts first to be made to have it transmitted by firms or companies engaged in the distribution and sale of electricity at fair and reasonable rates.

The surplus power is primarily for the benefit of the people as a whole, particularly domestic and rural consumers who are given preference over industrial users. By making maximum developments on the Tennessee and its tributaries, industries, no doubt, will be able to procure power for their use, and the cost of developing on a large scale will make the price to the domestic user very much less by reason of this large load factor.

Another great objective of the bill is the creation of storage basins or reservoirs in the upper valley—the first to be made at Cove Creek, where a great dam will be built. This great storage of water may be released in seasons of low water, generating electricity at the dam. The released water will help to equalize the flow over the dam at Muscle Shoals and will add to its power as it will to any other intervening dams. The benefits of these great storage basins will inure to the benefit not only of the towns, cities, and people on the Tennessee River but will favorably affect the people living on the Ohio and Mississippi Rivers who suffer periodically great flood damage.

The measure provides for improving navigation on the Tennessee which eventually may be of tremendous importance to the people along the Tennessee River from Knoxville to the Ohio River and to commerce generally.

Mr. Speaker, among the new factors entering into this great carefully planned program, and not of least importance, is that of reforestation of the highlands. The immediate benefits to be derived from this part of the general plan will come from the employment of thousands of idle men and in preventing destruction and timber loss and damage by forest fires. Reforestation of cut-over lands, of marginal lands, is a foresighted provision for growing timber for the use of future generations and for conserving the rainfall by forest growth. This will not only be of great value in providing future stores of timber but will prove a valuable aid in flood control.

This part of the program is peculiarly that of the President, who profoundly believes the Government should be mindful of the future as well as of the present. It is also a part of his great demonstration plans to withdraw non-productive marginal lands from cultivation and make use of them by planting in trees and by other appropriate uses. The reclamation of the rich swamps and overflow lands, by drainage and other means, will compensate for the withdrawal from cultivation of marginal lands and of great benefit to the adjacent territory in that it will help to rid such sections of mosquitoes and the miasma of the swamps, which endanger the health of the surrounding communities.

In this great experimental laboratory is to be tested and proven the benefits to be had from the combination of cheap power for public and private use, of the manufacture of nitrates and fertilizers, of reforestation, the withdrawal from cultivation of marginal lands, the reclamation of swamps, of building great dams at Cove Creek and other points for aid in flood control and for the development of electric power, for planned provision for making farm life in this great valley inviting, thereby drawing thousands of people from centers of population to make a living on the cheap lands not only in the valley but in all the nearby adjacent country.

Out of this great laboratory test which combines all these factors and elements, what will be the result?

Perhaps the greatest value of this stupendous undertaking will be found in the demonstration of the value of well

thought out plans for combining in one general scheme the many important undertakings authorized by this measure, which, if successful, and it will be, widespread public attention will be drawn to it. It will be visited and studied by millions of people. It will be followed by other great combined enterprises of like purpose in other sections of the United States.

Mr. Speaker, four of the counties in my district have their western boundaries on the Tennessee River quite a distance below Muscle Shoals. This great river enters Tennessee again not many miles below the Shoals. In the lower river it has great power possibilities as have the many streams running through the counties of my district and emptying into the great river. We have the hope that the time will come when the lower river, with its rich land and many power resources, will be developed, the power to be used not only for local benefit but to supply the people of Kentucky, Missouri, and Illinois. To make this project what it really should be, a dam should be constructed at Aurora, Ky., and at other points between Aurora and the Wilson Dam.

A greatly discouraged people in the South, as they come to better understanding of this great vision of a great leader, will take heart again; will see opportunities for work and employment for many, for the sale at better prices of their products, for cheaper electricity for their various uses, for cheaper fertilizer, for home life made easier and more comfortable by placing within their reach aids to better production from their lands and conveniences in their homes and on their farms they have been unable to enjoy.

For my part, I can foresee great industrial enterprises springing up at Muscle Shoals employing thousands of people. Many will be able to drive over the line daily from Tennessee to work and return home at night. The blessing of cheap electricity will be carried to untold thousands, who are now paying exorbitant lighting and power rates. The average throughout the towns in my district for home use is now about 10 cents per kilowatt. I see better local markets made possible by this development for much of what the farmers produce, not only at Muscle Shoals, but because of other industrial enterprises which will come to all of our towns and cities where cheap power will be made available. I can see many of the unemployed of my section working in reforestation, in the reclamation of swamp lands, in building dams, and other activities directly pertaining to this great scheme of development. I can see farmers producing cotton, corn, wheat, tobacco, and all the farm and vegetable crops at less cost and on smaller acreage. I can see a great demand for the splendid deposits of phosphate rock which abound in six counties of my district and in other middle Tennessee counties.

Out of the tests in the chemical and scientific laboratories at Muscle Shoals, there will be methods evolved for extracting the fertilizing elements contained in phosphate rock which are now unknown. This necessary element for almost every fertilizer will be sent to farmers everywhere at low cost for transportation, cheap in price, in highly available form for plant growth, and suitable for home mixture. The use of phosphate will develop great mining propositions, giving employment to thousands in our great basin of Tennessee so rich in this great resource.

Mr. Speaker, I can see plantations divided into smaller farms to supply those who will come to our section, which has been favored by nature with a splendid climate, abundant water, and productive lands. I foresee as a result of this great demonstration to be made in the public welfare and for the general good a strong movement of people from centers of population which will aid in balancing the distribution of population.

Mr. Speaker, I have already stated that the average rate for electricity to home users in my district is about 10 cents per kilowatt-hour. It was shown by uncontroverted proof before the Military Affairs Committee, of which I am a member, that in the city of Windsor, Canada, just across the river from Detroit and 240 miles from the plant at Niagara, they are selling their power to users for 1¼ cents per kilowatt-hour and making a profit, which they returned at the

end of the year, paying back 10 percent of consumers' bills for the year. In the city of London, Ontario, the city buys its power from this great Government-owned Niagara Falls plant, and sells to its consumers at 1½ cents per kilowatt-hour. This city, after paying for its power, paying interest, insurance, depreciation, and all other expenses, showed a profit of \$80,000 per year.

Mr. Speaker, with all the power possibilities of this great plant so near to hundreds of thousands of people, why should they be burdened with exorbitant rates? Why should they grope longer in the dark? Why not give them light and power for their use, enjoyment, and pleasure? Why not permit them some of the profits of the new deal? Why should power companies be permitted to collect exorbitant rates from the people to be used in paying profits to over-capitalized companies and to the many holding companies who skim the cream off of the operating companies' earnings and who have put wind and water into the companies' bonds and stocks and claim the right to returns on all their grossly inflated capital structure?

Mr. Speaker, let us now insist that our people have a right to as low rates as those people of Canada. Let us pass this bill and assure ourselves the benefit of all its advantages and blessings.

We of the South have good reason to be hopeful and confident. We are thankful we have a President who has visions of putting into effect and carrying to success great enterprises for the public welfare—enterprises too costly for private undertaking, too great for States to carry out.

We believe the people of our section of the South stand on the threshold of a happier and better era and that the entire Nation will benefit by this great laboratory experiment. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 15 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Speaker, the reason that H.R. 5081, the so-called "Muscle Shoals bill" introduced by the gentleman from Alabama [Mr. Hill], is before the Committee on Military Affairs, is because of section 124 of the National Defense Act, which requires the President to investigate the question of nitrates in time of war, and of fertilizers in time of peace.

This bill, as reported from the committee, goes far beyond the scope as planned in section 124 of the National Defense Act, especially through sections 27 and 28 of the bill, which I will touch upon later. The bill proposes to put the Government into a field of commercial enterprise heretofore exclusively operated by private industry.

The gentleman from Alabama [Mr. Hill] said he was not going to touch upon the question of power and he did not touch very extensively on the question of fertilizer, so I should like to direct my remarks for a few moments to those two subjects.

This great Government project was started during the war in order to supply power that would let us manufacture nitrate, so necessary in the production of explosives for munitions. The Government spent \$150,000,000. About \$47,000,000 of that money was spent in the development of the Wilson Dam, a hydro-power dam, costing \$47,000,000, and the testimony shows there are only 45,000 to 50,000 kilowatts of primary power at Wilson Dam No. 2, 10 percent of the time. During the other 90 percent of the time it may develop upward of 75,000 kilowatts. It is necessary, in order to get more hydro power at Dam No. 2, the so-called "Wilson Dam", to build the proposed Cove Creek Dam. It was estimated that that dam would cost \$34,000,000 some years ago, but I think it might be fair to say it might be reduced by perhaps 30 percent of the original estimate today, so that it would take somewhere between twenty and twenty-five million dollars more for the Cove Creek Dam.

It is proposed, when that dam is built, to generate through hydro power, some energy. The testimony reveals about 10,000 horsepower, if my memory serves me correctly. The main purpose of this second dam is to impound water so that more water will be in a uniform flow, coming down

to the Wilson Dam No. 2, to give more electrical energy there.

It is proposed by this bill to later construct what is referred to as Dam No. 3, and many other dams for so-called navigation and flood-control purposes. To my mind, those other dams are more or less veiled around this whole power question, not so much perhaps for navigation purposes and flood control as the real purpose behind this bill, which is to build up the maximum amount of electrical energy by hydro power at Muscle Shoals.

On Saturday the gentleman from Tennessee stated that in his opinion we could generate around 2,900,000 horsepower after this whole development had taken place. There is other testimony which shows that we could generate 5,000,000 horsepower. The testimony before our committee, covering a period of years, indicates that the cost of building those hydro-power plants, as a minimum fair figure, would be \$125 per kilowatt. If that project were carried out, to give the fullest amount of electric energy by hydro power, that alone would cost the Government somewhere in the neighborhood of \$700,000,000. I think that is a fair statement, based on the testimony given to our committee. However, this bill makes authorization for an appropriation of \$50,000,000 and not the entire \$700,000,000, but that is contemplated as just a small part of this project that the committee had in mind in reporting out this bill.

Now, I want to call attention to the fertilizer situation. As this bill was originally introduced it did not require the manufacture, either by the Government or by private operators, of any definite amount of fertilizer. In connection with this entire Muscle Shoals question that has been one of the foremost arguments in connection with the development of the project, cheaper fertilizer for the farmers, with two different schools of thought, one, that the Government engage in this business for the production of cheaper fertilizer, and the other that private capital go in for the production of cheaper fertilizer.

Nitrate plant no. 1, about which we have heard so much talk, is practically out of the question, as it is obsolete. I think it is fair to say that that plant is obsolete, whereas plant no. 2, which is the large plant, can be used for the production of fertilizer, either in the fixation of nitrogen or by the electric-furnace process of making phosphoric acid, and possibly other ingredients. The prices of nitrogen in the world, not only in the United States, have gone to very, very low figures. In fact, it has been stated that the prices are so low that the people making nitrogen cannot even get a fair return on their invested capital. At any rate, we know that nitrogen is overproduced today in the world and that the United States has a very large supply; but to insure for the future for national defense, and that is the only national defense that I see in the bill, we require this authority to maintain nitrate plant no. 2 in stand-by condition so that it could be used in time of war if it were found economical and wise to use it. In my judgment, that is all the national defense there is in the bill for war times. I admit there are possibilities down there at Muscle Shoals to make very large quantities of fertilizer, which the committee had in mind when it wrote section 124 of the National Defense Act. We require in this bill a minimum production during the first 2 years of 10,000 tons of fertilizer or fertilizer ingredients. If it is found uneconomical to make nitrogenous plant food, we can then turn to making phosphoric acid. After that first 2-year period it is the purpose under the bill to build that capacity up to its maximum capacity, but I call the attention of the House to some of the diverting factors which, in my judgment, will prevent us getting these large amounts of fertilizer either by Government or by private operation. For instance, in one section of the bill the President is authorized to exchange electric energy for land, to be used for manufacturing purposes for other industries, the electrochemical industry, and so forth; and there is a sort of veiled idea in this bill of trying to bring in these other industries under sections 27 and 28 for the social and physical well-being of the people of this district—

the purpose is to bring large industries down into the Tennessee Valley.

Let me submit to the House that if these large plants are brought down there for the manufacture of commodities other than fertilizer or nitrogen, just that much more power will be taken away from the manufacture of fertilizer. Yet there is a provision in the bill whereby fertilizer manufacture may have a certain amount of this power.

These are some of the things the proponents of the bill wish to see accomplished, but I doubt very much if they will because of some of the other factors I have mentioned.

There is a provision in the bill that the Tennessee Valley Authority shall construct a transmission line to transmit power from the Cove Creek Dam and the Wilson Dam. This is mandatory on the authority under the terms of this bill. Therefore you can see they will try to develop this property for manufacturing purposes other than fertilizer. In addition to making it mandatory upon the authority to build this transmission line, the authority is authorized to construct transmission lines in any direction from the generating plants to an extent of 400 miles. They may duplicate, they may parallel, the existing lines of private companies serving this district; and may I point out to the House at this time that the testimony before our committee indicated that only two thirds of the generating capacity of private plants now in existence in these six Southern States is being marketed. In other words, right now the private companies in these six States have 1,000,000,000 kilowatt-hours of electrical energy that is unsold, according to the testimony of the officials of the power companies before our committee. The development of Cove Creek Dam and the output from Wilson Dam, without the construction of any of these other intermediary dams about which I have just spoken, would give us just as much more energy as the unsold output of existing facilities.

The minority views in the report accompanying the majority report indicates that there is now invested by private companies in these six Southern States, \$600,000,000, some, if not all, of which may be destroyed. The stocks and bonds of these private companies are held by the customers of these companies to the extent of some \$60,000,000.

In the construction of future dams other than Dam No. 2, under the provisions of this bill, it is required that the Authority show there is a reasonable market demand for the additional power before the dams may be constructed.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman from Connecticut 10 additional minutes.

Mr. GOSS. This Government may spend \$700,000,000 on this project.

I wish now for a minute to comment on section 27, which provides among other things, reading from page 17 of the report:

To aid and further proper use, conservation, and development of the natural resources of the Tennessee Drainage Basin and such adjoining territory as may be related to or materially affected by the developments consequent to this act.

What does this mean? The members of the committee do not know, as indicated here on pages 17 and 18 of the report in connection with sections 27 and 28. We took no testimony. No testimony was offered as to what the staggering, gigantic propositions may mean in dollars and cents to the American people. It provides for the general welfare of the citizens of said area. I ask the Membership of the House what the general welfare of the citizens of this whole territory means.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. GOSS. Yes.

Mr. BLANCHARD. I have been trying to determine the effect of this power development upon other industrial sections of the country. The gentleman is familiar with my district in Wisconsin. Does the gentleman care to state what, in his opinion, will be the effect of this development upon other industrial sections?

Mr. GOSS. Nobody can tell, because there is nothing in this act that requires the Government in operating these power plants or selling the electricity, either wholesale or retail, to do so at a profit. The Government may sell it at a loss or it may charge higher prices. This is left entirely to the authority. Thus nobody can foresee what the cost will be. I may say that many people hope power costs will be cut in two, but there is no section in this bill which requires the power or fertilizer operations to even earn interest on the money expended.

You will find the old familiar Ford plan, where they made a capital charge on the hydro plant of \$30,000,000 and on the fertilizer plants of \$6,000,000; that where they were very careful in these two instances to require them to get interest out of the investment. No such provisions prevail in reference to power or fertilizer.

The bill goes on to say: For the general purpose of fostering an orderly and proper physical, economic, and social development of said areas. Again I submit that neither the Secretary of Agriculture, the Secretary of Commerce, nor any Cabinet officer who might be called upon to act under the terms of this bill came before our committee to give us any information as to what this might mean.

The bill gives to the President the authority to make all such surveys and plans and to cooperate with the States. We do not know what kind of cooperation this means. In section 28, after giving authority on flood control and navigation to the maximum extent, the maximum flood control, the the maximum navigation facilities, it says:

To provide for the proper method of reforestation of all lands in said drainage district suitable for reforestation.

Here again, I submit, we do not know how much money will be spent. We do not know what plans the administration has in mind, because no testimony in this regard was given to the committee; and the same is true with reference to the economic and social well-being of the people living in said river basin and all adjacent territory.

A careful reading of sections 27 and 28, showing the very broad scope of the bill, discloses that it is nothing more than a state of socialism. No one can estimate what the demands for money will be to carry out the provisions of these two sections. I have already stated to the House that from testimony adduced before our committee and from the speeches of the proponents of this bill the Government may be obligated for some \$700,000,000 and upward.

Here is what the minority had to say:

In the opinion of the minority, any additional appropriations needed will be obtained through the issuance of bonds rather than coming back to Congress for such additional appropriations.

Here is the language I wish particularly to call to your attention:

Thus, while sacrifices are being made to balance the Budget, the public debt may be increased to an unlimited and potentially dangerous extent.

I have only tried in the short time I have had here to explain the vast sums of money that may be expended in the development of more power and in the production of some fertilizer and the carrying out of all these social-welfare activities with respect to the citizens residing in this entire area.

O Mr. Speaker, this bill is veiled under the purposes of national defense, flood control, and improvement of navigation, but when this bill comes back to us, as I expect it will, if we have before us from the conference committee the so-called "Norris bill," as a member of this committee studying the subject for several years, I do not really know what will be involved. I hope before the day is over some Member of the majority will come down here on the floor and try to explain to us some of the vague hidden powers contained in the bill under the guise of flood control and improvement of navigation. [Applause.]

Mr. Speaker, the bill reported proposes to put the Government into fields of commercial enterprise heretofore exclusively occupied by private industry—fields of activ-

ity never suggested by anyone who believes the functions of the National Government should be confined within constitutional limits.

If put into effect, the Government will be in business for the sake of business itself. While it declares that promotion of navigation, national defense, and flood control are primary purposes, it is obvious that enumeration of such purposes is only a smoke screen behind which the Government will engage in commercial business. Those who support the legislation would not do so if divorced from alleged constitutional powers. They make no other pretense. Only a flexible mind can conceive a relationship between the manufacture and sale of chemical products for fertilizer, the manufacture, transmission, and sale of electricity, and any constitutional function of the National Government. While the act does lip service to the power to regulate interstate commerce, to control flood waters, and provide for national defense, the real purpose to engage in commercial business is so manifest it is doubtful that any court could be deceived by the hollow claim that the purpose is navigation improvement, control of destructive floods, and preservation of national defense.

The control of the National Government over navigable waters of the several States is not a proprietary one but purely a delegated sovereign right to regulate, control, and improve the navigation thereon—*Port of Seattle v. Oregon & Washington Railroad Co.* (255 U.S. 56). The United States Supreme Court has held that no constitutional power resides in the Government to engage in business and that while the commerce clause permits the National Government to regulate commerce, it does not grant the right to engage in commerce—*License Tax Cases* (5 Wall. 462).

POLICIES DECLARED

By expressed provision (secs. 5 and 12) it is declared that the policy of the legislation is to improve, cheapen, and increase the production of fertilizer and fertilizer ingredients by carrying out the provisions of the act, and, so far as practical, to transmit or sell power equitably among States, counties, and municipalities within transmission distance.

There is a declaration of policy to construct joint power and navigation dams, to conserve and make available the power to provide cheaper navigation, and to create sinking funds to retire the cost of such dams, the power houses, and locks, but for some reason the Cove Creek project, estimated to cost \$34,000,000, and the Dam No. 3 project, estimated to cost \$20,000,000, are excepted. However, any future dam may be constructed on self-liquidating terms approved by the President, sufficient to return bond interest on investments chargeable to power and sufficient to amortize the capital cost. No provision, however, is included for self-liquidating operations in the fertilizer business or in the generation, transmission, and sale of power to the public, or for investments to be made to increase the generating capacity at the Muscle Shoals plant and the construction of the storage and power dam at Cove Creek and a power project at site no. 3, immediately above Muscle Shoals, or return to the Treasury of \$10,000,000 authorized for immediate activities, involving additional expenditures of some \$65,000,000 to \$70,000,000.

PROPOSED COMMERCIAL OPERATIONS

A recital of the activities in trade and commerce in which the corporation would participate shows that business enterprise is the objective. The charter powers of a private organization would not provide a wider scope for its activities. The bill creates a corporation labeled "Tennessee Valley Authority of the United States." It is permitted to have succession in its own name; to sue and be sued as would any private corporation; to use a corporate seal which must be judicially recognized; to make contracts; to adopt bylaws; to purchase, lease, and sell personal property; to acquire by lease, purchase, or condemnation real estate; to appoint and discharge at will officers, attorneys, agents, and others independent of Civil Service provisions, including general managers, assistant general managers, secretaries, treasurers, bookkeepers, administrative and executive officers, and fix their compensation.

Detailed directions in the fertilizer operations of the corporation are to purchase fertilizer and fertilizer material needed in its fertilizer program; to encourage practical use of fertilizer produced and purchased through cooperation with national, State, district, and county experimental stations and demonstration farms; to manufacture fixed nitrogen and other fertilizer ingredients to the extent deemed wise and profitable; to alter, modify, or improve existing chemical plants; to build new chemical plants; and to sell for profit fertilizer products produced in a manner to insure wide distribution to farmers.

It is made the duty of the corporation to produce nitrogenous plant food in form for direct application to the soil containing not less than 10,000 tons of nitrogen, to be increased in response to market demand to the maximum capacity of the plants, and to continue such production if absorbed by the market. In event the production of nitrogenous plant food proves to be uneconomical, it is made the duty of the corporation to produce phosphoric acid, fertilizer, or fertilizer ingredients in form for application to the soil in quantities equal to the required production of nitrogenous plant food, with no provision to discontinue such production if unprofitable. Lease contracts are authorized under conditions to safeguard the interest of the United States for mass production of fertilizer or fertilizer ingredients and, with the approval of the President, for other manufacturing purposes. It is also the duty of the corporation to alter, modify, or improve the existing chemical plants and to construct new plants for fertilizer production. The sales price shall include cost of production plus 4 percent. Fertilizer shall be sold with preference to farmers and in a manner to insure the widest practical distribution. For purposes of fertilizer production, it is declared that the value of nitrate plant no. 2 shall not exceed \$6,000,000, and that such plant shall be maintained in stand-by condition or the equivalent for production of nitrogen for war purposes until Congress shall otherwise provide.

Furthermore, the corporation is directed to maintain and operate experimental laboratories and plants and to undertake large-scale experiments to enable it to furnish nitrogen fertilizer and other products needed for military and agricultural purposes in the most economical manner and at the highest standard of efficiency; to request the advice and assistance of any officer, agent, or employee of any department of the United States; to manufacture and sell to the Secretary of War or the Secretary of the Navy at cost explosives or the nitrogenous content of explosives; to deliver power without charge for operation of locks, lifts, and other facilities of navigation; to produce, transmit, and sell electric power, but no products shall be sold outside the United States or its territorial possessions except for use by the Army or the Navy or allies of the United States Government in case of war.

Members of the board and its appointees or agents shall be subject to dismissal in event any political test or political qualification shall be permitted or given consideration in the selection of employees or in their promotion.

In order to effectuate the purpose to distribute power equitably within 400 miles from the point where generated, the corporation is directed to sell power not only to States and political subdivisions within that area, but to corporations, partnerships, and individuals. In furtherance of the program to transmit and sell power, it is authorized to build transmission lines to any point at any time using funds provided either by Congress or from power sales or from proceeds of its own bond issues.

Enumerated preferences are given to States, counties, municipalities, and mutual nonprofit organizations of farmers who build their own transmission lines. Contracts for sale to private distributors would be subject to cancellation on 5 years' notice in order to supply States, counties, and municipalities, and subject to cancellation in event the resale price to consumers exceeds a price determined by the Federal Power Commission.

Additional public funds are authorized to be spent for increasing the power capacity at Muscle Shoals and to build

a storage, flood-control, and power dam 300 miles upstream for the alleged purpose of equalizing the 600 miles of river flow as an aid to navigation, the control of flood water, and maximum development of power. The corporation is directed to build a transmission line, in event it is unable to conclude arrangements with private distributors, for transfer of power between its own power plants extending a distance of 300 miles in the Tennessee River Basin and to build other transmission and distribution lines to power markets anywhere within a radius of 400 miles contingent upon failure to contract for transmission, distribution, and delivery of power by persons, firms, or corporations engaged in resale of electricity or for the use or purchase of privately owned lines.

GRANTS OF AUTHORITY AND FUNDS REQUIRED

To the end that the corporation may better operate with the utmost freedom, it would assume exclusive use, possession, and control of the Muscle Shoals nitrate and power plants including all auxiliary property. With approval of the President, it would take over other property, real and personal, belonging to the United States deemed necessary for its purposes.

In order that the corporation may avail itself of patent rights, methods, formulas, and all scientific information obtainable in the Patent Office for production of chemical fertilizer and production of power, it would be permitted to appropriate such patent rights and formulas or other scientific information. Compensation for the taking of such property rights would be determined exclusively by Federal district courts without authority to make compensation by mutual agreement.

In order that the corporation may not be delayed in promptly going forward with its commercial operations, \$10,000,000 is authorized to be appropriated, of which \$4,000,000 shall become immediately available to begin construction of the Cove Creek storage dam and power plant and to begin the production of fertilizer and fertilizer ingredients. Should the \$10,000,000 prove insufficient, additional appropriations are authorized necessary for carrying out the purposes of the act; and if there should be difficulty in securing such appropriations, the corporation may resort to the sale of its own 60-year bonds to the extent of \$50,000,000, for which it may pledge "all net income from property of the United States hereby entrusted or hereafter to be entrusted to the possession and control" of the corporation as well as the credit of the United States. Such bonds would enjoy the special privileges accorded in Panama Canal bonds. Interest would be paid in gold coin, and the bonds would be free of every form of national, State, county, and municipal taxation.

EXPENDITURES AUTHORIZED

Expenditures authorized for launching this wide-spread commercial activity are as follows:

Operating capital (includes \$4,000,000 for Cove Creek)	\$10,000,000
Installation additional generating capacity at Wilson Dam (estimated)	6,000,000
Installation additional generating capacity at Nitrate Plant No. 2 steam plant (estimated)	2,000,000
Transmission line from Muscle Shoals to Cove Creek (estimated)	6,000,000
Construction of Cove Creek Reservoir and power plant (\$34,000,000 less \$4,000,000 included in operating capital)	30,000,000
Total new funds	54,000,000

Indefinite amounts for other developments are authorized.

This would increase the total public investment in physical properties on the Tennessee River to more than \$175,000,000.

PRODUCTION AND SALE OF POWER

While the corporation is directed to sell fertilizer at 4-percent profit, it may sell power, wholesale or retail, to any character of purchaser without regard to cost. Armed with the right of eminent domain, it may build power houses, substations, and transmission lines in competition with private power operators using for the purpose public funds secured from appropriations by Congress, from the sale of power or from the proceeds from the sale of bonds. It may

duplicate power plants and transmission lines where adequate plants, transmission lines, and distribution systems already exist, serving the entire area, and in this manner greatly impair if not destroy millions of dollars of investments in plants, lines, and distribution systems privately owned. Charged with the duty of disposing of large quantities of power, it would be free to engage in cutthroat competition, to invade the market of private companies, and sell power at any price that will command a purchaser.

In disregard of local State authority to regulate the rates of public-utility companies, a private distributor buying power for resale is required to agree that the maximum price to the consumer shall be fixed by the Federal Government—the Federal Power Commission—which would provoke legal conflict with State regulatory agencies. It would be free to engage in discriminatory practices in fields of commercial enterprise where similar conduct by the citizen is prohibited by the antitrust laws, the antimonopoly laws, and by public-utility regulation. In the sale and distribution of power the corporation is not required to observe the first principles of private business, to earn the cost of invested capital, or to pay its own way. The most it is required to do is to pay cost of operation, maintenance, depreciation, amortization, and amounts deemed necessary by the board to withhold as operating capital or to be used for new construction before paying the remainder into the Treasury of the United States.

The extent of such unregulated and unrestricted competition with private industry can better be appreciated when it is remembered that private companies engaged in generation and distribution of electricity in public service are required to secure, first, the consent of the State in which they do business, to submit to public regulation and control, to secure local franchise permits in towns and cities, to conform to rate schedules fixed by public authority, and to consent to the supervision of the amount and character of securities issued. Generating plants and other major facilities or equipment cannot be constructed except upon the certificate of public authority that a public necessity exists and that public service will be promoted. Furthermore, the amount of return permitted to be earned is subject to State determination.

Evidence before the committee discloses that the power market within the States surrounding Muscle Shoals is adequately supplied with extensive interconnected transmission lines and distribution systems extending into practically every town and village and, in a large measure, into the rural sections; that the existing capacity is more than 33 percent in excess of the market demand; and that rates are efficiently supervised and controlled and below the national average, both for domestic and industrial use. It is obvious that any effort to market 1,000,000,000 additional kilowatt-hours of energy from the Muscle Shoals plants at this time would necessarily invade the market of private companies, and that it could not be sold except at substantial reductions in rates with consequent disastrous effect upon the gross and net income of private companies.

PRIVATE INVESTORS AND PRIVATE INVESTMENTS

Evidence before the committee disclosed that within the States of Tennessee, Alabama, Georgia, and Mississippi privately owned power companies have investments in excess of \$600,000,000 in water power and steam plants, distribution systems, and lines interconnected with each other and with the Muscle Shoals plants. Six companies in one interconnected group within the 400-mile radius of the proposed power system proposed to be set up by the act serve 1,678 towns, covering a territory of 196,000 square miles, with 430,000 customers. They have 36,000 miles of transmission and distribution lines, 20,000 miles of which are high-tension lines, and 17,000 are distribution lines.

Residing in the territory of these companies are 37,000 preferred stockholders who own 623,797 shares of preferred stock, in which they have invested more than \$60,000,000. They have outstanding bonds amounting to \$288,000,000, of which about \$75,000,000 are held by some 38 insurance companies. Many of the stocks and bonds are held by universities, savings banks, and individuals. The outstanding pre-

ferred-stock issues are \$110,000,000. Taxes paid in 1932 were \$6,000,000. The entire property, plant, and equipment account of these companies is \$616,000,000. The average number of employees in 1932 was 9,339 and the pay roll was \$13,470,000.

Evidence was submitted that contrary to a gradual increase in the power market in the territory adjacent to Muscle Shoals of about 5 percent annually in former years, there has been considerable decrease since 1930 and that the market value of the securities issued by these companies has decreased several points in the case of the bonds within the last 4 or 5 months and about 50 percent in the case of the preferred stocks. It was stated that the decreased value of these securities is largely attributed to apprehension in the minds of investors concerning the stability and future worth of their investments because of the threat of Government competition. Witnesses for these companies stated that within recent weeks thousands of individuals and corporate investors had inquired of the companies for information concerning the effect of the proposed program of putting the Government into the power business in the territory served by these various companies.

LACK OF EVIDENCE OF ECONOMIC VALUE OF PROPOSED POWER-PLANT INVESTMENTS

It is fair to say that the committee nor the Congress has any definite data or information respecting the economic value of proposed power plants and power-plant operations contemplated by the act. Scant attention has been given to a survey by an engineer officer of the Army in 1931 of the existing power service and power rates in the territory surrounding Muscle Shoals and of an economic study of proposed power and navigation dams such as is contemplated by the legislation. The report submitted to the Chief of Engineers not only discusses the value of the Muscle Shoals power plants in public service and in chemical industry but the economic value of proposed power plants at other points on the Tennessee River, including the Cove Creek project. This report shows that combination of navigation and power dams near the market for power on the Tennessee River is economically justified only between Knoxville and Chattanooga after proper credit is given for necessary investments for navigation and flood control, that these projects would afford greater flood protection at Chattanooga, where flood damage is greatest, than would the proposed Cove Creek project; that construction of the Cove Creek project in advance of construction of sufficient power dams below to justify contribution for increased power production from Cove Creek could not be justified from an economic standpoint, and that the cost of additional installation of generating equipment at Muscle Shoals is unnecessary.

In a separate report of an investigation of a proposed system for transmitting and selling Muscle Shoals power through a publicly owned system to available municipal and industrial markets at 20 percent less than existing rates, the same engineer estimated that within 15 years the project will result in a deficit of \$40,000,000. The conclusions in that respect are summarized as follows:

1. The Government's power plants at Muscle Shoals and the proposed Cove Creek development are not suitably located to serve as the main generating stations of an extensive independent power system.
2. The construction of an independent system would involve large expenditures of public funds.
3. The cost of transmitting power in such a system would be high, and the reliability of service at long distances from the generating center would be poor.
4. The construction of such an independent system would be an economic waste, in that it would duplicate transmission facilities now ample to serve the region.
5. It may be expected that the deficit from the construction and operation of such a system, which will have to be met by the Federal Treasury and by the general taxpayers, will largely exceed any savings from lower rates which may accrue to the limited local public served.

From a purely business standpoint, the United States would save tremendous waste of public funds if the Muscle Shoals power and nitrate plants were sold to private industry on the best terms available. In the absence of such method of disposition, they should be leased on the best

terms obtainable. If, however, it is determined that the United States shall retain ownership of the project and operate the power plants, the power should be offered first for local industrial development in the production of electrochemical and electrometallurgical products for which the facilities and equipment are adaptable.

Industries of this character require large amounts of power and raw products, such as phosphate rock, coke, coal, limestone, silica, and magnesium, all of which are locally available since it was the presence of such raw products that determined the location of the nitrate plants at Muscle Shoals. The development of an industry of this character would stimulate activity in collateral industry, would create pay rolls, and provide employment, and develop business where none exists today. During the period that Muscle Shoals has stood idle another war-built plant, adjacent to the Tennessee Valley near Nashville, has been active in industrial operations in the production of rayon and cellophane. The Old Hickory plant near Nashville, which cost \$90,000,000, was sold for \$3,500,000 about 10 years ago. It has furnished employment to an average of 3,500 persons annually with an average annual pay roll of \$3,250,000 and has paid an average tax bill of \$65,000. Industrial chemical operations at Muscle Shoals sufficient to absorb a substantial amount of the power would be several times that at Old Hickory.

COMPARISON WITH A PROPOSED SIMILAR PROJECT ON THE ST. LAWRENCE RIVER IN NEW YORK

The proposed legislation would exercise authority within the States of Alabama and Tennessee, which the State of New York through the power authority act denies the Federal Government with respect to power to be generated in the St. Lawrence River, a navigable stream in that State. The State of New York through the power authority act asserts inalienable ownership, possession, and control of the State in the bed, waters, power, and power sites within the watershed of the St. Lawrence for the benefit of the people of the State. On October 28, 1931, the New York Power Authority filed a memorandum with the Secretary of State at Washington asserting that the State regarded as definitely settled:

1. The authority of the Federal Government is paramount in all matters having to do with the improvement of commerce and navigation along the St. Lawrence River.
2. The State of New York is the sole and absolute owner of that part of the water flowing in the St. Lawrence River, and to the land comprising its bed and the power and power sites in, upon, or adjacent to it on the American side of the international boundary, and is fully vested with a legal and inalienable title thereto.

The memorandum stated that the principle of ownership has been established by a long line of court decisions and uniformly recognized by the United States Government.

In this connection attention is invited to the following comparison of principal differences between the plan reported by the committee and the recent power authority act of New York, enacted under the leadership of Gov. Franklin D. Roosevelt:

COMMITTEE BILL

The Federal Government is authorized to operate power plants and power lines, transmit and sell power, and fix retail rates in different States.

POWER AUTHORITY ACT OF NEW YORK

The power authority act of New York asserts against the Federal Government's inalienable ownership and exclusive jurisdiction of generation, sale, and distribution of the St. Lawrence River power, including the right to fix rates.

No bonds or other obligations can be issued until firm contracts for the sale of power shall have been made sufficient "to insure payment of all operating and maintenance expenses of the project and interest on and amortization and reserve charges sufficient to retire the bonds of the power authority issued for the project in not more than 50 years from the date of issue thereof."

This was President Roosevelt's view then as compared with this bill now.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Speaker, I feel that anything that may be said on this bill at this time will probably not change a single vote; in fact, it occurs to me that 6 hours of debate is almost unnecessary, because I doubt if there is a Member of this House who does not have his mind fully made up as to how he shall vote on this proposition.

The question of Muscle Shoals legislation has been before this House for many years. I have read most of the debates and the history of this legislation, and you can hardly pick up a copy of the CONGRESSIONAL RECORD, when the bill was under consideration, that one of the men in the forefront of the fight was not the distinguished Member from the Muscle Shoals district, Judge ALMON, of Alabama. The people of the Tennessee Valley will never be able to repay him for his persistent and intelligent efforts in their behalf.

So far as I am personally concerned, I would even go farther than some of the provisions of this bill. I anticipate, however, that the body at the other end of the Capitol, as well as the free conference committee, will make some changes that will, perhaps, liberalize some of its provisions, but I am enthusiastically for this legislation, and to be perfectly frank with you, I cannot see how anybody can oppose this bill. When you realize that during the World War this Government, in order to carry out its adopted program of national defense, invested \$150,000,000 in this property primarily for the purpose of national defense; and, secondarily, for the benefit of the American farmer, and then observe that not one single thing has been done in a big way during all the intervening years to develop the property, it occurs to me as almost criminal. It has been a political football, used by special interests to carry out their own selfish desires and create sectional prejudice.

The United States Government has \$150,000,000 invested here. There is nothing in the world necessary to be done except to have enough money available to start the wheels turning, not only to produce whatever nitrogen or fertilizer may be necessary but, secondarily, to develop the power that is lying there dormant at this time.

Let me say in reply to my friend from Connecticut [Mr. Goss], when he talks about this costing several hundred million dollars, or perhaps a billion dollars in the final analysis, the Government is not out anything in this connection, because the authority is authorized to issue and sell \$50,000,000 in bonds secured by the property, as well as provide for interest, sinking fund, and amortization. No more money can be spent except by coming back to Congress for an appropriation. The President will not ask for more and Congress will not appropriate unless it is justified. It is a self-liquidating project that will pay its own way and make money after it is fully developed.

Why not go on and develop this great property down there? Why let it lie idle when it will provide employment for thousands, develop a great area, benefit the farmer, and furnish cheap electricity for homes and factories?

There are some things, Mr. Speaker, that in their very nature are monopolistic. I am not for putting the Government into every kind of business, but there are some things like water, and in these more modern days there are things like gas, telephones, and electricity that are getting to be of such common, universal, and even necessary use that they must, in their very nature, be more or less monopolistic, whether owned privately or publicly. These necessities ought to be within the reach of every user.

I am not for doing damage to private interests in that country, but a careful analysis of this bill will show that every opportunity on earth that is reasonable, fair, and just is given for the leasing of this property not only for the making of fertilizer but also for the development of additional power facilities and power lines. It is even provided that with building of Cove Creek Dam and Dam No. 3, which all the engineers, I think, have admitted is necessary for the carrying on of the project, nothing more can be

done in the way of building dams or developing power until the market demands will justify it. Surely you can trust your President and this authority, as well as the Congress, to do equity toward all parties at interest.

If you go back to 1912, 20 years ago, there was another great Roosevelt by the name of Theodore, who favored the conservation of the natural resources of this country, and among other things he favored the preservation of the water sites of America for the benefit of all the people, and if you had heard some of the testimony before our Committee on Military Affairs a few days ago, particularly by a distinguished Senator from the State of Washington, about how power sites in the great Northwest had been gobbled up for a song by special interests who turned right around and capitalized on them for millions and sold stocks all over the country that were full of wind and water, I think you would reach the same conclusion that the majority of this committee reached when it said, "Let us develop this and do it ourselves for the benefit of the American people if the power interests will not do it."

Mr. McFARLANE. Will the gentleman yield there?

Mr. THOMASON. I yield.

Mr. McFARLANE. Does not the gentleman know that we have had that same experience in Texas, where the power interests have to a considerable extent gobbled up the power sites on the different rivers of Texas?

Mr. THOMASON of Texas. Oh, that is true of every State in the Union. There is not a State in the Union where power interests or selfish private interests of some sort have not come along and taken charge of the streams that God put in this old world for the benefit of everybody, and after, perhaps, having got them for practically nothing, then turned around and capitalized them, and then I might say they "Insullized" on them and sold stocks comparable to the Insull stocks all over the country. I do not say all of them did this, but I do say that a lot of them did. This bill will put an end to such sharp practice, as well as provide a yardstick by which we shall learn what is a fair and reasonable charge for electric energy.

My friends, since electricity has become as common and necessary as water, gas, and fuel, it ought to be within the reach of every man in America to use it upon terms that he can afford. [Applause.]

I take it that this is just a step in the development of that great area. It is not done for the purpose of confiscating anybody's property. This does not place the Government any more in business than it now is. Under this bill private fertilizer and power interests can lease and operate if they will contract to sell the products to consumers at only a fair and reasonable profit. They have had that opportunity, but showed no disposition to deal fairly with the public.

Now, there is no money involved here except that which will come out of the project itself. Do you propose to allow this property to remain idle for another 15 years? It will afford the greatest possible opportunity for the development of all sections of the United States, and if it is a success it will be followed by the development of the Columbia and the St. Lawrence for the benefit of all the people.

Mr. BRITTEN. Will the gentleman yield?

Mr. THOMASON of Texas. I will yield to the gentleman.

Mr. BRITTEN. The gentleman stated that this is merely a step in the direct development of water power elsewhere in the country. Is he suggesting to the House and the country that the Roosevelt administration is going into the various States for the development of power?

Mr. THOMASON. I do not assume authority to speak for the administration, but I do think it safe to say that this administration is for the preservation and development of the great waterways, power sites, and other natural resources of this country. I am equally sure that this administration is not for the exploitation of public watercourses by special and selfish interests.

Mr. BRITTEN. I appreciate what the gentleman says, but what are you going to do for the private interests you destroy?

Mr. THOMASON. I am going to do nothing against them so long as they do the decent and right thing, but I am not willing to turn the country over to them.

Mr. BRITTEN. That is what is going to happen.

Mr. THOMASON. My home city of El Paso owns its own water plant. Rates are not so low as I should like, but are far cheaper than they were under private ownership. A fair profit has been made, which has many times helped to tide the city over financial difficulties. I do not want cities to take over public utilities if they will take the wind and water out of their stock and exact only a fair and reasonable charge. I do object to the practice indulged in by some utilities of having one set of books for the tax assessors and another for the ratemaking bodies. I want them treated fairly but not to have an advantage.

I voted in the last Congress against placing a consumers' tax on electricity. I also voted a few days ago to right that injustice, and I am glad this body passed it by such a large majority.

You Republicans are an inconsistent lot. When you were in power you spent \$120,000,000 on the Ohio River without any hope of getting a dollar of it back. You spent millions on the Cape Cod Canal without getting a cent in return. Three years ago you yelled your heads off about the great Hoover Dam, which you named for your chieftain. But, now that a great project already in existence is to be improved for the benefit of millions of people, you can express nothing but criticism and condemnation.

No man can visualize the great good that will come from this development. I hope the day of war has passed, but the clouds are hanging low in many parts of the world. This is an ideal location far from the sea coast and well protected for the manufacture of explosives. In the days of peace it will provide cheap fertilizer for millions of American farmers. It will give flood control, navigation, afforestation, and employment in all that vast area. One of the crying needs of the day is the improvement of country and community life. Cheap electricity in every home will make for convenience, happiness, and longer life. With cheap power, factories by the hundred will spring up all over the South and add to wealth and employment.

It is gratifying to know that this bill will pass both Houses by a large majority and will receive the approval of our great President. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Speaker, this is a great day for the South, a great day for Tennessee, and for the people of my congressional district. I am glad to have a part in the passage of this important bill. It means much to the Nation. It was my pleasure in January of this year to go by airplane with the distinguished Chairman of the Military Affairs Committee and other colleagues to inspect the physical conditions of the Government's investment at Muscle Shoals. President Roosevelt was there with Senators HULL, NORRIS, McKELLAR and a great number of distinguished visitors, all interested in the development of this property.

We are now about to get action. No longer can the power trusts or the fertilizer trusts delay it. It is the express will of the people of America, their mandate at the polls, and with a new President, imbued with the responsibilities of his office and anxious to serve America the pending bill will soon become a law.

The Muscle Shoals question has been a Federal problem since 1824, when President Monroe, through John C. Calhoun, as Secretary of War, recommended a survey of the Tennessee River so as to improve its navigation at that point, in aid of commerce and military operations. From that day to the present this subject has had the attention of the Nation at different times.

In 1916, in the National Defense Act, the President of the United States, Woodrow Wilson, was authorized to investigate the best and cheapest means of producing nitrates and other products for munitions of war and useful in the manu-

facture of fertilizer and other products by water power and was authorized to acquire sites upon river or rivers or upon the public lands as he thought best to carry out the purposes of the act, and was authorized to construct, maintain, and operate at such sites dams, locks, and improvements to navigation, power houses to generate electrical power, and the production of nitrates useful in the manufacture of fertilizer.

The President was given the right to purchase and condemn land for the purpose and money was appropriated and Wilson Dam No. 2 was built and two nitrate plants for the fixation of atmospheric nitrogen for war purposes and for agricultural use in times of peace were completed. The dam is there. Buildings are there. Machines are there. All we now need is action and cooperation.

In 1928 a bill somewhat similar to the present bill was passed by Congress and met a pocket veto by President Coolidge, and in 1930 a second Republican President, Mr. Hoover, vigorously protested the passage of a similar bill and vetoed it.

Henry Ford once made a very serious and determined effort to lease this property.

Many bills have been debated in Congress for years looking to a disposition of the property. All to no avail until the present leadership of President Roosevelt, when on April 10, 1933, he said in a message to Congress:

It is clear that Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. It enters the field of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

We are told there are 11 valuable dam sites between Cove Creek Dam and the Wilson Dam, and the construction of Cove Creek Dam will double the power available at each one of these sites.

All these dams will be built within the next 20 years, and the power generated will be sent in various directions to cities and towns. New cities and towns will spring up in the wake of industry which will settle along this 300-mile section of the Tennessee River from Cove Creek to Wilson Dam. This area will become a great hive of industry.

Millions of busy and industrious people will come to the Tennessee Valley to enjoy this great national resource and benefaction. Many hundreds of millions of dollars will be spent in development in our State.

New plants, new enterprises, and new life in farming and agriculture will follow. Cove Creek Dam, when completed, will flood 52,000 acres of land, making the largest artificial lake in the world. The eyes of the world will be centered on Tennessee, and millions of people will seek this new field of industry and enterprise.

Farming will prosper as never before, producing many different crops and vegetables to feed the millions engaged in construction and in the development of industry, all because of cheap power, cheap fertilizer, and an ideal climate with ideal surroundings in which to live.

Power is required in modern industry; and with all the mineral deposits in our section, with a fertile soil, with the finest of American citizens of the truest and best strain of the Anglo-Saxon blood to draw from, a people who love the ideals of our Republic and the principles of our Constitution, our section presents a promise of prosperity never before equaled.

The farmers for the first time will learn the actual cost of fertilizer, and it will be from 25 percent to 50 percent cheaper than at present. No longer will Chile have a monopoly upon mineral nitrate of soda, as she now has. This trust has taken millions of dollars from the farmers of the United States. This should not longer be permitted. Let the Government help break this trust and set free the farmers of our country. It will be the greatest blessing ever to befall our people and will give them renewed ambition, a new faith, and new hope. Broad power is given in the bill

for the authority, the representatives of the Government, to either operate the present plants or lease them for the production of nitrogen or other fertilizer ingredients for use in agriculture.

ELECTRIC POWER

It is provided that all electric power not used in navigation projects and in the production of fertilizers shall be sold and preference given to States, counties, municipalities, and nonprofit cooperative associations. Three-year contracts for power are permitted to States, counties, and associations building their own transmission lines. This power may be sold by them without discrimination among customers of the same class.

Private power companies engaged in the sale and distribution of electricity for profit must sell to the consumer at a figure found to be just, fair, and reasonable by the Federal Power Commission.

In order to prevent duplication of transmission lines and to prevent waste of invested capital, the board is authorized to negotiate with private power companies having transmission lines needed by the Government to serve the public to buy such lines at fair and reasonable prices. If negotiations fail, the authority may acquire the line by condemnation, when the full and fair value of the property must be paid to the owner.

No new lines need be built except where none now exist. The fear that money would be wasted in duplicating existing transmission lines was encouraged by the power trusts in the mind of the public for a purpose.

No ground of fear need exist. All that is required is for the power interests to cooperate under this bill in serving the public by leasing or selling their lines at a fair valuation, and thus promote the industrial, agricultural, and economic development of the Tennessee Valley, which will result in the improvement of business conditions throughout the Nation and the speedy restoration of prosperity.

COVE CREEK DAM

No one longer disputes that the Government should build Cove Creek Dam. Even the power companies now agree to this. It must be done to develop flood control, navigation, and power in the Tennessee Valley.

UNEMPLOYMENT RELIEF

If we will pass this bill and begin the work of building the dam, cleaning out the basin, relocating the roads and bridges, and constructing the power houses, then an army of unemployed workmen will be needed. No longer will the man without a job be walking the highways in search of work. He can and will get employment and become again self-sustaining. The purchasing power of the people will be restored and normal prosperity once again reign.

The people of my State are ready, anxious, and willing to cooperate with the Government in this great program of development. No one opposes this national project unless it is because of a selfish motive.

BOND ISSUE

There is provided a bond issue, to build Cove Creek Dam No. 3, of \$50,000,000. Already the Government has an investment at Muscle Shoals of \$150,000,000 earning practically nothing. This additional expenditure should make the whole investment profitable to the Government and the people. These bonds are Government obligations, but the interest on them is to be paid from the sale of power.

No money can be appropriated on this work except that authorized by Congress. The initial issue will complete Cove Creek Dam and Dam No. 3 and make the necessary changes in the nitrate plants and install the necessary fertilizer equipment and provide working capital.

DEMOCRATIC PARTY PLATFORM

In 1924 the Democratic Party platform contained this provision:

We hold that the production of cheaper and higher-grade fertilizers is essential to agricultural prosperity. We demand prompt action by Congress for the operation of the Muscle Shoals plants to maximum capacity in the production, distribution, and sale of commercial fertilizers to the farmers of the country, and we oppose

any legislation that limits the production of fertilizers at Muscle Shoals by limiting the amount of power to be used in their manufacture.

In 1932 the Democratic Party platform pledged the present administration to the development of natural resources in the common interest and said:

The conservation, development, and use of the Nation's water power in the public interest.

The removal of Government from all fields of private enterprises except where necessary to develop public works and natural resources in the common interest.

Muscle Shoals, as it now stands, was the product of the World War, when our Nation was drawn into that world catastrophe of sorrow, misery, and death. Out of this came Muscle Shoals to manufacture nitrates for munitions of war. Let it now be dedicated to peace. Let it be used to manufacture for the farmers of the United States cheaper and better fertilizer, and second, let it be used to protect the people against the Power Trusts of America. Let it produce throughout the years the yardstick by which the people of the Nation may know the fair, legitimate, and actual cost of electricity.

These two purposes alone will be of incalculable value to our people for all time.

Let us protect the farmers and home owners in this country, and let the power companies, with their watered stocks and inflated bonds, reap what they have sown. Let us develop Muscle Shoals and Cove Creek Dam, with intervening dams, and thus make cheaper current available to all the people. Let us provide for cheaper fertilizer to be sold the farmer. The fertilizer trusts and power companies have robbed the people of my State and district too long already. Let it be stopped and stopped now.

I should be glad if it were possible to so amend the present bill and have included a provision to pay to the State of Tennessee and to Alabama 5 percent from the gross proceeds of power generated in those States; but I am supporting the bill even though this provision is not included, because I have no opportunity to offer an amendment upon this subject. This would protect the right of my State in the earnings of this property, which I feel would be fair and just. We furnish these natural sites within the confines of my State, and while the property owners are reimbursed for the value of lands taken, yet the State of Tennessee loses tax values to the amount of almost \$1,000,000, based upon a 50 percent assessment. The sovereignty of the State is thus permanently deprived of this asset. The original bills have provided for a 5 percent dividend of the gross earnings to be paid to Tennessee on the dams located within the State. I hope the committee will permit an amendment to this effect on the floor of the House today before the bill is passed.

I hope and believe that this is the beginning of the development of the potential power in Tennessee and that my district will soon have the attention of the National Government in this respect. One fifth of all potential power sites in the Nation are located in Tennessee. The fourth district, which I have the honor to represent, has many possibilities in which I hope to interest Government engineers later. The Caney Fork River, Cumberland River, Stone River, Elk River, Duck River, and other streams which flow through this section present admirable location for the development of power so essential to the progress of the great citizenship in that section of the South.

We have paid tribute to power companies throughout the years. Let us have cheaper current, and thus relieve some of the drudgery on the farms by affording the home owners cheaper light and heat, and the housewives the opportunity of cooking, ironing, laundering, and many other advantages arising out of cheap current. Let power turn the wheels of machinery for the farmers in the use of their cream separators. Let the current be sold to individuals, towns, cities, and communities. The authority provided in this bill to sell power to the people by the Government as a sovereign would not be subject to the rules and regulations of public utilities commissions in the different States. No rates will or can be fixed other than by the Government, and this will

afford a savings to our people of almost one half of the present prices they are forced to pay to power companies, who have sold watered stock and inflated bonds, unfortunately, to the people in my section for the past many years. The Government can build lines without the consent of public utilities commissions in the States.

This means that the Government, or the people, will receive the profits that accrue. It will put thousands of men to work who are now idle. It will protect our people from floods. It will stop us from longer paying tribute to the Fertilizer Trusts of America and foreign countries.

We must perfect this great national resource. We must provide for additional dams, and especially at Whites Creek, in Roane County, where the Chief of Engineers of the Army states that this is one of the most economical and desirable possibilities of developing additional and cheap power of the entire area to be developed.

When the bill is passed providing cheaper fertilizer for the farmer and carrying cheaper power to his home, together with the farm relief bill already passed and now in the Senate, the bill providing for the relief of mortgage debts on farms, and other relief legislation in prospect, then a new day for the farmer shall have dawned.

This legislation is the greatest forward step ever taken in this Nation for the common man—the man who has made America great.

Let the currency be inflated if need be and the circulating medium increased and the excessive cost of government reduced—then the “new deal” will bring agriculture to the front. It is our greatest national resource. Let us continue the fight for the forgotten and neglected men of America, the great common people, the masses of the people.

They are the ones who have developed this country, cleared its fields, opened its mills, mines, and factories, built its cities, its railroads, and paved highways reaching all over the Nation. They fought for and established our independence. By their sacrifice and suffering they have defended our Nation's honor at home and abroad. For 150 years our people have struggled in peace and war to make this Nation what it is today.

Let us render the greatest good to the greatest number. Let us carry on. Let us build for the future and serve not only the present but all coming generations. Let us remember that “he who serves best lives most.”

And in the language of a Tennessean, permit me to conclude with this expressive poem:

An old man going a lone highway,
Came at the evening, cold and gray,
To a chasm vast and deep and wide,
Through which was flowing a sullen tide;
The old man crossed in the twilight dim,
For the sullen stream had no fears for him;
But he turned when safe on the other side
And built a bridge to span the tide.
“Old man”, said a fellow pilgrim near,
“You are wasting strength with building here;
Your journey will end with the ending day,
You never again will pass this way;
Why build this bridge at the eventide?”
The boulder lifted his old gray head—
“Good friend, in the path I have come”, he said,
“There followeth after me today
A youth whose feet must pass this way.
This chasm that has been naught to me,
To that fair-haired youth may a pitfall be;
He, too, must cross in the twilight dim—
Good friend, I am building the bridge for him.”

[Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, in answer to the gentleman from Illinois [Mr. BRITTEN], who asked a question a moment ago as to what the policy is to be, I wish to state that our President in his great speech in Portland, Oreg., stated definitely that there were four great developments of electric power in this Nation that should be undertaken; namely, Muscle Shoals in the Southeast, Boulder Dam in the Southwest, the Columbia River, the greatest of all, in the Northwest, and the St. Lawrence River in the Northeast. I had the pleasure of introducing him to that audience, and in

that campaign he made a claim that it was the intention that these power developments should be undertaken by the Government so as to use them as “yardsticks”, to use his own words, to fix the price for the sale of electric energy.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. Yes.

Mr. BRITTEN. Does the gentleman really believe that those four projects he has mentioned to the House should be developed when there is now a great surplusage of power owned by private enterprise, the stock in which is held by the people all over the United States? Does the gentleman believe the President will still go ahead and construct those great power sites in those four places, notwithstanding that fact?

Mr. PIERCE. If there is a surplusage of power, it is caused by the tremendous prices asked. The prices asked for electric current are often many times the cost of production. The companies almost universally have developed not their cheapest plants, but the expensive ones. They have built transmission lines and charged into their capitalization many times the actual cost.

Mr. Speaker, all utilities which are essential to life, health, and the growth of our civilization are natural monopolies. Water is essential to life itself. Therefore the business of supplying it is a natural monopoly. Its distribution and supply permit of no competition. Private ownership of a natural monopoly is indefensible. Being indefensible it is intolerable. Being intolerable it must be abolished.

Electricity in its varied uses has become so much a part of our economic life that it is now a natural monopoly. It is just as essential to our daily existence as is the post-office or the water-supply systems. Yet this great natural monopoly is almost entirely under private ownership and control.

Here in our United States nature has provided us with four great natural sites for hydroelectric development. We have the St. Lawrence with Niagara Falls in the Northeast; Muscle Shoals on the Tennessee in the Southeast, the Colorado with the Hoover Dam in the Southwest, while in the Northwest we have the mighty Columbia, the greatest power stream on the continent, second only in size as a river to the Mississippi. The combined potential power of these four streams is sufficient to turn all the wheels of industry, move the traffic of the Nation, and provide modern electrical conveniences to every home in the land. Nature has provided these sources of electrical energy and placed them strategically for man's use. Why should we permit private monopolies to appropriate them and exploit them for private gain?

Recent surveys reveal that the profits of private power companies are out of all proportion to those of other industries and utilities serving the public. The Nation of April 26, 1933, gives the following comparisons of the distribution of gross revenues between labor and the capital invested in four great industries:

	To la- bor	To cap- ital
	Percent	Percent
Steam railroads give.....	75.2	24.8
Telegraph and cable.....	72.1	27.2
Manufacturing (all).....	63.2	36.8
Electric light and power.....	33.9	66.1

Public ownership of this great natural monopoly of water power would at once reduce by one third the costs to the consumer. When by amortization the costs would be paid off within a 40-year period, the rates would be reduced another third. Increased consumption would further reduce rates. Lowered costs would make electricity available to every home in the land—light, heat, refrigeration, and power with modern conveniences everywhere. The development of Muscle Shoals is the beginning of this great program. Its inception grew out of our Nation's war need for nitrates. When this Muscle Shoals site was proposed, Senator George E. Chamberlain, of my own State of Oregon, proposed the Columbia as another site to be considered. President Wilson decided that Muscle Shoals was then more feasible for im-

mediate use, and that site was chosen. The dam was constructed. A nitrate plant was built. The end of the war came. A great plant built at Government expense capable of developing enormous electrical energy lay idle. For nearly 12 years every effort to develop and distribute electricity under Government management has been thwarted by the private power interests. Twice bills for this development passed both House and Senate, only to be vetoed by Presidents Coolidge and Hoover.

During all this time the only beneficiary of this gigantic Federal outlay has been a private power company, which pays the Government one fifth of a cent for electricity which it sells to its consumers for as high as 12 cents. Is it not time to stop such exploitation of a natural resource that belongs to all the people?

It is said with much earnestness that Muscle Shoals should not be made available for the public use because it would ruin the present investors in private electric companies operating in that part of the United States. The electric companies will be able to salvage out of their distribution systems all they are worth. The present generating systems will be run for several years during the time these Government plants are being installed. We should not forget that a part, in many instances a large part, of the capitalization of the private companies is "water." These companies have not always availed themselves of the cheapest development. Expensive development and costly transmission lines afford a large capitalization upon which utility commissions of the various States fix rates high enough for the earning of net dividends on millions of capital that should never be considered as invested capital.

Methods of the electric-power companies have been so ruthless and unfair that the consumers have very little sympathy for these modern buccaneers.

No private investor should be allowed to retard progress nor stay the onward march of civilization simply because he desires to continue to bleed the public for his own selfish enrichment.

The President has promised the Columbia as the next large enterprise of Federal hydroelectric development. Government surveys of that great River have shown that the Umatilla Rapids project can be most economically constructed, that it is practicable and advantageous for immediate development work, that it could be begun at once, because preliminary engineering work has been done, and that a great public employment program could be initiated on the Columbia River this summer. The Government should push the work with all possible speed, so that during the first term of President Roosevelt the four great development plans may be far advanced. Nothing in our President's constructive program can rank in importance with Federal development of hydroelectric projects. Think what this great conception will mean to the people in every section of the United States. The development of the Columbia will follow that of Muscle Shoals. Let us pass this bill. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. Ford].

Mr. FORD. Mr. Speaker, as I look at this Muscle Shoals bill I feel that when it receives the signature of the President of the United States a new charter of economic liberty will have been granted to that great southeastern section which it is going to affect. I speak on this subject with a good deal of authority, because I come from the region that is to be the recipient of the great benefits that will flow from Boulder Dam. We are living today in a machine age, and the most important public utility, the most important social economic factor, in the United States is power. Electric power is the great facility which in the future will turn 95 percent of the wheels of industry, and cheap power is the key to any measure of prosperity that this Nation is going to enjoy in the future. I am very glad indeed to raise my voice and say that in the passage of this bill we shall owe a great measure of gratitude to that noble old Roman in the Senate, GEORGE W. NORRIS, of Nebraska. For 14 years he has fought this battle and fought it nobly, and I hope when this bill is signed that Muscle Shoals will be

named Norris Shoals, because he has earned the right to have it named after him.

This great project has within it four purposes—power, fertilizer, flood control, and erosion or afforestation. Those are the four things that will be the foundation of the future progress of the country. In California the people of the Imperial Valley have for years been under the tremendous menace of the Colorado River. That will be ended when Boulder Dam is finished. You in the South have the same problem of flooded lands, and I am hoping for the day when we will do something like this on the Mississippi River to make that great Southland area safe from flood.

I happen to come from the city of Los Angeles, which owns its own water and power systems. It so happens that when this city took over the private company that was supplying power to the great part of its citizens, the going domestic electric rate was 9 cents per kilowatt-hour. That rate today is 4.8 cents per kilowatt-hour, and, because of this low rate and the corresponding low rates for commercial, industrial, and street lighting, the citizens of Los Angeles have paid over \$57,000,000 less for their power in these four classes than they would have, had the private companies been able, through a monopoly which they held, to continue their high electric rates. In addition thereto, they own a power system worth \$90,000,000, most of which was earned from surplus profits.

It will thus be seen that publicly owned power has proved an effective yardstick by which to measure electric rates. It is because of this knowledge of the effect of publicly owned power on privately owned power rates that I am so whole-heartedly in favor of this Muscle Shoals project. It is readily seen that with power rates sufficiently low, the great Tennessee Basin may confidently anticipate an era of development that will quickly absorb any surplus power that may now exist, not because it is not needed, but because the rates charged by the power monopoly are so high that the people cannot afford to use the power.

While I am fully conscious of the tremendous advantage that will accrue to the Tennessee Basin through low power rates, I am also convinced that because of low-priced, high-grade fertilizer the development that must follow this project will be further enhanced. Then, too, a flood-control system that will protect the rich bottom lands from yearly inundations will remove the dread and uncertainty that hang over the menaced areas like the sword of Damocles and thus give further impetus to their rapid settlement and cultivation.

I am in full accord with the President's program on this measure. I am also in accord with his idea that this is just a first step in a program of national planning which will have the dual purpose of coordinated development and the saving to the people of what is left of their most priceless natural heritage—water transportation and water power.

This project, with all its rich promise, and the Boulder Dam project that is now happily under way, are the first 2 of 4 great projects which the President promised to foster when, speaking as a candidate in the Northwest, he mentioned Muscle Shoals, the St. Lawrence project, the great Columbia River undertaking, and the Boulder Dam. It was his bold stand on this great question that cemented the liberal element of the country into a solid block of support for his candidacy. Now, less than 2 months after his election, he courageously advocates as a President what he promised as a candidate.

I note, not with much surprise, that the opponents of this bill are chiefly concerned with the prospective losses to be sustained by the stock and bond holders of the private power companies whose interests are to be affected. I doubt that any private company whose plants are capitalized fairly will be hurt in the least. But those whose securities are composed chiefly of wind and water will, I am sure, get a jolt. It is not at all singular that these opponents never have for one moment given thought to the people of the Tennessee Basin's problem of laboring under the burden of

high power rates. Had these private companies been disposed to be satisfied with reasonable rates, they could have done twice the business they now do and they would not have a surplus kilowatt-hour of power unsold. But that is not their stripe. They are of the "all the traffic will bear" school. They never have learned and they probably never will learn that "live and let live" is a much safer business policy than the one of overweening greed which they have heretofore practiced.

I trust that every man and woman in this House who is in sympathy with the idea of making the "new deal" mean a "square deal" will vote for this measure and grant to the good people of the Tennessee Basin a new charter of economic liberty that will enable them to go forward to that high destiny to which their important situation in the national economy entitles them.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I have been reflecting somewhat upon what has transpired in this Chamber in the last month. I have seen the valiant efforts of the minority party in seeking to torpedo some of the legislation that has come here for deliberation, and as a member of the minority party speaking on this bill I presume I ought to preface my remarks with the same statement that was made by the Christian martyrs when they were gathered in the Roman arena. It will be recalled that they looked up and said something to this effect, "We who are about to die, salute you." So we minority Members will salute you of the majority as we are about to die upon the roll call that will be held upon this bill.

I am not going to change any votes on this bill by what I may have to say today. In fact, any Member of the minority who essays to speak on an administration bill must feel a great deal like the fellow who was in jail and who, as he saw a buddy going along, called and said, "Hey, partner, what time is it?" He said, "What do you care; you are not going anywhere."

So we of the minority know that we are not going anywhere particularly on this bill, but there is something I should like to bring to the attention of the House, particularly to the proponents of this bill. I am open to conviction, and I am ready to vote for this bill, if an affirmative case is conclusively set forth; but I do not believe you have definitely established the need for this kind of legislation.

I live in Illinois. I do not know whether my constituency is going to get any particular benefit from this bill. However I remembered a statement that was made by a distinguished Democrat in this body, who served here for years, Mr. Chisp, of Georgia, when he gave to the country the statement that "he serves his district best when he serves his Nation best." I am, therefore, willing to serve my district by serving the country, if I am convinced that this is good for the country. We might supplement that, I suppose, by a statement that Lincoln made whenever he scrutinized any proposal:

Every proposal contains good and evil, and the only proper rule in embracing any kind of measure is whether it contains more good for more people than it does of evil.

I therefore look at this bill in that broad light.

There has been a great deal of general talk here. This bill has been referred to as "a charter of economic liberty" and "as the great consummation of a dream after a hundred years of effort"; but I cite you that nothing definite or conclusive has been offered to show that there is any particular need at this time, and it is not emergency legislation. When I think of all the general statements that have been made by the proponents of this bill, it recalls the story of the country boy who went to call on his lady friend one night in a horse and buggy, and upon reaching the house he went in and sat down on one end of the horse-hair sofa and she sat over at the other end. They sat there in silence for perhaps an hour, and finally he turned to her in mental desperation and said, "Mary, how is your ma?"

Not that I give a dern, but just to make talk." It seems to me a lot of talk has been made on this bill, as a matter of fact, but it has not been conclusively set forth that there is any need for this legislation.

Not so long ago in this body we passed a farm bill to relieve agriculture. Why? Because prices were so low. Oats were quoted at 8 cents a bushel; cotton, 5 cents a pound; corn, 26 cents a bushel; wheat at 30 cents a bushel. Why are prices low? Because there is no demand. The market seemed to be glutted. So what did we do in this body? We passed a relief bill that is hooked up with a processing tax. For what purpose? For the purpose of decreasing production in agriculture. Now here we cite the need for fertilizer to increase production, and there does not seem to be any genuine consistency between the two. I have not heard anybody in this Chamber say that this bill is necessary from the standpoint of navigation. I have not heard anybody establish a case that there is a dearth of power in the Tennessee Valley at the present time. If you justify it on the ground that this is a securities-policing measure, that you are going to police the companies that have issued watered securities and try to squeeze out the water, it is a damnably expensive way of administering police regulations upon the security companies of this country. I will not vote to spend \$50,000,000 or \$10,000,000 or any amount of the people's money when that function is properly exercised by the Federal Trade Commission.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. JAMES. I yield to the gentleman 2 additional minutes, Mr. Speaker.

Mr. DIRKSEN. I say to the proponents of this bill that my mind is open to conviction. I am ready to vote for this bill when it is conclusively shown that we need this measure from the standpoint of fertilizer, power, navigation, and all of the other things that have been cited as a reason for the bill.

Mr. PIERCE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PIERCE. The gentleman comes from Illinois?

Mr. DIRKSEN. Yes.

Mr. PIERCE. That is the home of the Insulls. If there is any other answer on earth than that, I should like to know what more answer is necessary than that the gentleman's own fellow citizens defrauded this country of millions of dollars. The necessity for this bill lies in the excessive charges of electric-power companies for light and power and energy which they are developing.

Mr. DIRKSEN. I may say to the gentleman that that sounds to me like a confession that the existing governmental bodies cannot regulate the price of securities or scrutinize securities and see that they are sound.

Mr. PIERCE. How much have they been regulated in the last 12 years?

Mr. DIRKSEN. Is it not a confession, then, that this Government is not equal to the job of regulation and that Uncle Sam is helpless? And now you come here and ask for another 50 million—for what? Merely to establish another governmental body, and you confess in the same breath the Government's helplessness.

Mr. PIERCE. The proper way to regulate is by the development of this power by the Government.

Mr. DIRKSEN. The development of power in that particular locality of the Nation, or of fertilizer, for that matter, can be of no general good, as I see it. Not one single advocate of the bill has established the need for the measure, and I gladly await the presentation of some affirmative evidence to show that the Muscle Shoals project is needed. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS of New Hampshire. Mr. Speaker, 9 years ago last month, as a Member of the Sixty-eighth Congress, I had the opportunity to speak for and to hear arguments

for and against a bill entitled "A bill to authorize and direct the Secretary of War to sell to Henry Ford Nitrate Plant No. 1, at Sheffield, Ala.; nitrate plant no. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3, including power stations when constructed as provided herein, and for other purposes."

At that time, although this House was composed of a strong Republican majority, the need for some action to be taken on behalf of the public in connection with Muscle Shoals was recognized by a substantial majority in the House, and we heard on one side of the House the remark that "Muscle Shoals in Alabam' without Henry Ford is not worth a damn", and we heard on the other side emphasized again and again "Muscle Shoals in Alabam' with Henry Ford ain't worth a damn."

The result as to that bill was that after full debate and a full understanding of its provisions, the House passed it by a vote of 227 to 143. Later on, before becoming law, owing to the opposition of united fertilizer companies and for other obvious reasons, it failed to pass the Senate. Since the defeat of the Ford bill in 1924, two bills in many ways similar to the legislation which is proposed here today have been passed by both the House and the Senate and have gone to the White House. One of them was given a pocket veto by Calvin Coolidge and the other a direct veto by Herbert Hoover, one in 1928 and the other in 1930. Today, acting as representatives of the people of this country, we have a solemn obligation to vote for this legislation, knowing as we do that when it passes the Senate and goes to the White House it will receive, not a pocket veto, not a direct veto, but the approval of the great leader of the American Republic, Franklin D. Roosevelt. [Applause.]

In this connection let me call your attention to his language in connection with the necessity for this legislation. In his message to Congress on April 10 the President said:

The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people. It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

In considering the continued necessity of this legislation I look back to the remarks I made in this House 9 years ago and repeat in substance what I then said:

For more than a generation we have seen a steady decline in American agriculture, rapid deterioration of the fertility of the soil, gradual decline in agricultural communities, a drift of the rural population to the cities, lured by higher wages, greater opportunities, and better living conditions. In order to attempt to thwart that movement we developed the cry "Back to the farm." We can shout "Back to the farm" from the mountain tops to the valleys below but we cannot get men who come off the farm to go back to the farm, or, better still, not to leave the farm, until we give the farmer a decent, fair, and reasonable opportunity to make a living for himself and his family.

I had the honor of being born and brought up on a farm and I realize something of the obligations, the trials, and tribulations which beset not only the farmer in New Hampshire and New England, but the farmers throughout the length and breadth of this Nation. We do not have the weapons with which to fight, to maintain the standards of quality which both labor and capital have today throughout the Nation. Capital and labor are today both highly organized. Labor may secure its demands by strikes and boycotts. Capital may fight its battles by lockouts and combinations. The American farmer cannot avail himself of either of these remedies, for if the farmer should strike the Nation itself would perish. In other words, the farmer does

not have the opportunity for strikes and lockouts that labor and capital have, because the very existence of the American people depends upon the welfare of the agriculture of this Nation.

What is the remedy? The American Nation cannot exist without agricultural prosperity. It is necessary to the return of our great industrial and commercial activities, and it is necessary to the continued health, happiness, and prosperity of all our people. As for the remedy, let me call your attention to the testimony delivered before the Committee on Military Affairs by Edward O'Neal, president of the American Farm Bureau Federation. He said this:

The farmers are using in an increasing percentage, year after year, more of the highly concentrated fertilizers, such as can be best made at Muscle Shoals. Freight by water from Muscle Shoals on fertilizers of high concentration will be much less a factor in the total cost to the farmers than is now possible under the present system of manufacturing low-content fertilizers with shipment by rail. The costs of Muscle Shoals fertilizers will be materially lower than are now paid by farmers, first, because of the low price of the power; second, because of water transportation; third, because of high-concentrate material; and, fourth, because of distribution largely through farmers' cooperative purchasing organizations; also, because of low-cost raw materials in the valley.

I might say on one of those points here that I have a list which I should like to show you gentlemen to what extent cooperative farmer service organizations are operating in this country. The first one listed is the Aroostook Federation of Farmers, who purchased in 1932 a million dollars' worth of fertilizer. Right next to that, in New England, is the Eastern States Farmers' Exchange. They handle feed, fertilizer, and seed to the extent of \$10,000,000 worth. The largest in the United States is the Cooperative Grange League Federation Exchange, Inc., in New England, which handled \$24,000,000 worth. There are a number of groups of those cooperative service organizations scattered throughout the country, and their total business in 1932 was \$94,000,000.

So this is what we will do for the interest of the American people through providing cheap fertilizer. Although agriculture may be down in the depths today, I have the confidence to believe it is going to come back and that the country is coming back. In order to secure a return to prosperity, let us give the farmers of this country reasonable logical benefits of this bill so they may enjoy the prosperity to which they are entitled.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 5 additional minutes to the gentleman from New Hampshire.

Mr. ROGERS of New Hampshire. May I speak for a moment, Mr. Speaker, on the power development involved in this bill? I shall now refer to the committee report. It appears in the report of the majority of the committee, after full hearings—

That all electric power not used in navigation projects, in the production of fertilizers, and in the conducting of fertilizer experiments shall be sold, and in such sale preference shall be given to States, counties, municipalities, and nonprofit cooperative associations.

In connection with this feature of the bill there appeared before our committee the Honorable HOMER T. BONE, United States Senator from the State of Washington, and as to what benefit this will give the American public I want to call your attention for just a moment to his testimony that in the municipally owned power system the city of Tacoma, in the State of Washington, where he resides, charged him \$16.55 for what the Insull-controlled plant, the Commonwealth Edison of Chicago, charges today the sum of \$98. Here is his own testimony before our committee:

In my home in 1 month I used, for all purposes, 2,249 kilowatt-hours of current. For that amount I paid my city \$16.55. I went to the city of Chicago in 1931 to speak before a public body there on the power question, and I checked that charge with the Commonwealth Edison of Chicago to see what their charge would be for the same service. I not only checked it with them but I checked it up and compared it with the records of the department of that State which regulates the service charges of that utility, and also with the records available to me in my own office. For the service which my city charged me \$16.55 Sam Insull's company would have charged me \$98 in Chicago. The difference between \$16.55 and \$98 represents the reason the Insull Co. went on the rocks. It represents flagrant racketeering in the power business. It makes it easily understood why Insull could give \$20,000,000 to

build a fine opera house in Chicago. The people there thought the charges were perfectly proper, because some department of the State had said that that was a perfectly proper charge.

Why, Mr. Speaker, if we pass this bill, as stated by the majority leader on the floor of this House last Saturday, it will provide what the United States needs, which is a yardstick by which the public-utility commissions of this Nation may know by true and accurate figures the real cost of the production and distribution of power, and thus be able to fix reasonable and fair rates all over this Nation for the protection of the common people.

As a continuation of the administration's policy of giving the American people a new deal and a square deal, I do not hesitate to ask each and every one of you to support and vote for this bill, because it gives us assurance in this country of continuing to live under a government of the people, for the people, and by the people. [Applause.]

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I was very much interested in the statements just made in reference to the fact that all men in this Chamber have made up their minds on how they expect to vote on this bill. I feel that anyone who comes here to serve his country best should give consideration at any and all times to what is the best thing for the greatest number of the American people. I do not believe that any man who comes here with the idea that somebody else is his boss and expects to tell him how he is to vote on particular subjects that come up here is a fit subject to be in the House of Representatives. I think it is time we have men who are able and willing to think for themselves in order that they may be able to do what is best for their country.

So far as I am concerned, I am a Republican, and I want to stand by the Republican principles, but when the Republican principles are detrimental to the best interests of our country, I am opposed to the Republican principles, but will stand by and with the party to show them they are wrong and help make the Republican Party better, if that is possible. I think this is a principle that should be inherent in all of us so far as our legislative duties are concerned.

We speak today of Muscle Shoals as being the Norris bill, and it was suggested here that it ought to be designated as the "Norris bill." If I were to designate the bill, I would call it the "Norris folly", and I think probably this would be the best interpretation we could give to it, because if we are going to start out today on this gigantic plan of putting the Government in business, I believe it is the opening wedge for the greatest piece of socialistic legislation that has come up before the House of Representatives in the past 2 years that I have been here. It is socialism and Russianism on a gigantic scale.

I am opposed to the Government being in business. I think it is absolutely wrong for the Government to go into any kind of business except that which the Constitution provides for. I think we should have Government supervision and Government regulation but not Government operation. When we have Government supervision and Government regulation we can put the screws on men who are dishonest and are doing things that are detrimental to the welfare of this country a whole lot better than we can if we have the Government in business, putting it in the hands of politicians, because I am telling you that too many men are here for their own selfish interests. Business and politics do not mix well. I have seen this, and I know this is the case. If you want efficient business, it must not be controlled by politicians.

We stand up before the House here and say that we are for the best interests of the country, when I question very much if some Members of Congress have not had orders from somebody else as to how he will have to vote.

Mr. PIERCE. Will the gentleman yield?

Mr. RICH. I do not care to yield at the present time. I am not a politician or a speechmaker, and I have to keep all the wits I have together if I am going to try to get across anything I want to say.

We talk of the Insulls in the power business and we talk of the Mitchells in the banking business. If what the papers say is true, they should all go behind the bars. We do not want any operation of that kind, whether it is in the power business, the banking business, or any other kind of business; but we stand here before the House of Representatives and we talk about the banker and the business men, and one would naturally think from the talk in this Hall that they are all crooked. I want to tell you that the business men of this country and the bankers of this country are just as honest as any man who sits here in the House of Representatives—95 percent of them—yet we stand up here and damn the business interests of this country. I am a business man and I am proud of it, and I do not want to sit back and take any insult from any Member of Congress that I am crooked.

I tell you we are doing the wrong thing here in Washington if we want to put men back at work, and this is our greatest object, and it ought to be the ambition and the desire of every Member of Congress; yet when you talk about business interests and interests of all kinds as being crooked you destroy the thought and the idea of the average man or woman who is not able to think for himself to any great degree. You destroy their confidence, and then you destroy and disobey the greatest of all laws—the golden rule—and when you do that then you destroy all the laws of our country. To put men back to work you must encourage business, not kill it; business and labor are inseparable and must work hand in hand. You cannot have one without the other.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. RICH. We have an investment of \$150,000,000 in Muscle Shoals. Any man in business today, if he has a poor investment and finds that the original investment is going to go, he will not put good money after bad money; he will stop right away and consider the first loss the best loss.

We have an investment of \$150,000,000 there as a war measure. The war was over 13 years ago, and we should have never gotten into the war or Muscle Shoals. But because we have that investment down there at Muscle Shoals is no reason why we should say we are going to spend millions of dollars more on that project and then lose it also; that is mighty poor business and poor reasoning, yet we have some that reason that way.

You come back and say that the bill does not provide for additional funds from the Treasury. The system of bookkeeping that we have under Federal control is such that we do not know what things do cost here in the House of Representatives.

There is not 1 Member out of 25, as a rule, when they make statements in reference to the cost, who knows actually what they do mean. We have a system in the House of Representatives and our Government that camouflages the American people; we have a system dealing with appropriations, but you do not know what the actual cost is.

I do hope that we are going to have sometime a system of bookkeeping under every branch of the Government where it will readily appear what the expenditures are, where the money comes from, and where it is going to, showing the assets and liabilities and making proper charges for depreciation, interest on money invested, and all expenses that any legitimate business enterprise would adopt.

If you want to, turn back and look at the barge lines or Inland Waterways Corporation, which, Major Ashburn says, are making money for the Government. This is Government operation.

That is a deviation from the truth or misstatement of good business principles. If you invest capital in the operation of a project today any sane, sensible man knows that capital costs money. If we invest some money in a Federal operation we are going to add to the national debt. Do you think if we are adding to the national debt it does not cost money? Do our Government bonds bear interest? It is absurd to

state otherwise. Therefore all business, whether operated by Government or private individuals, must count their costs and count it accurately.

Now, if we would add in the operation of the barge line the cost of operation, the depreciation and the interest on the money invested, you would see that the statement of Major Ashburn that it operates at a profit is untrue if we add all expenses to operation.

Under the terms of this bill we are going into the development of Muscle Shoals. We are going to develop it on \$150,000,000 of money already spent, and I will bet any man within reason that we will spend millions and millions of dollars of the taxpayers' money within the next 10 years developing that proposition.

You must count the money invested, the interest on the investment, and you will find it will cost the taxpayers of the country, especially my State—and I do not believe in being selfish—but if the people want to develop it, it belongs to Alabama and Tennessee; let us give it to them. I will vote this minute to turn it over to those States if they want it and save the taxpayers of my State who are already overburdened with a great amount of taxes from still further taxation. I say again our first loss is the best loss. Let the Government get rid of it now.

These men who want it want to build up that territory at the expense of the Nation. I think I am safe in saying that we will try to build up industry down there, and when you build that up in that vicinity you are going to take it from other sections of the country at the expense of all taxpayers. Who will you rob? People in that vicinity have invested \$450,000,000 in capital in power plants and fertilizer plants. They have sold bonds and they have paid out millions of dollars of interest, and now it is proposed to set up this Government project and kill them. You are proposing to set up this socialistic, Russianized project on the Nation's money. I am against the proposition, because it is not right, it is not justifiable, it is not honest, and no business in the country would project it at this time.

Not one of you Congressmen would invest \$100 in any proposition if you thought you would lose it. Do you know of any person who would? I say, No, no; a thousand times no! Yet you are going to invest the money of the American taxpayers in such a project as you would not foster yourself. This I call politics and not business.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. PIERCE. Does the gentleman not recognize that there are certain lines of business that are pure monopolies, which should be handled by the people, like water, gas, electricity? There is no such thing as competition and there is no regulation of the private corporation.

Mr. RICH. If the States of Alabama and Tennessee have this natural resource, let them develop it. Let us give it to them. Why should we in Pennsylvania take it away from them, and why should the people in Pennsylvania be taxed to develop it? If you gentlemen in Oregon want to develop the Columbia River, develop it, and God be with you. We wish you all success in it, but I do not want the Pennsylvania taxpayers to be called upon to give you something out in Oregon that you ought to have yourself, and that ought to be yours and be developed by the people of Oregon. [Applause.]

Mr. PIERCE. Does the gentleman not realize that this will require millions and millions of dollars and that no State or community can undertake it by itself?

Mr. RICH. Very well, but do not come to our State and tax our people for it. We cannot stand it; that is one reason why I object to it. They do not need the additional power down there at Muscle Shoals. They do not need it in Tennessee or Alabama, or in any of those places. They have their own companies down there and they have their own power plants that can develop 30 percent more than they can now use. Why project more at this time? Why do you want to kill them? Give them an opportunity. If they are charging too much for power, have your States regulate them or the public service commission.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes; I yield to the gentleman.

Mr. McSWAIN. The gentleman remembers that on December 14, 1931, he himself introduced into this House the bill, H.R. 5622, to regulate the Muscle Shoals proposition?

Mr. RICH. I do, and I wanted to put it in such position as it ought to be in at that time. I made the statement before the gentleman's committee that we would give it to you gentlemen down there in Tennessee and Alabama if you would only take it from the Government. I think this is the best bill so far proposed, but this bill is far from being a perfect one. My first bill proposed to give it to Alabama and Tennessee; this the gentleman knows.

Mr. FOCHT. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. FOCHT. Is not the position which the gentleman assumes in direct violation or contradiction of the position assumed in this Capitol by Daniel Webster in his immortal reply to Haine with regard to Federal control of the interior industries of the land?

Mr. RICH. I take it—

Mr. FOCHT. Is it or is it not?

Mr. RICH. Yes and no. I am not as well versed as my colleague on history and I would have to refresh my memory to give a definite reply.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Speaker, coming as I do from one of the greatest industrial sections of the world, namely, the Monongahela Valley in Pennsylvania, and realizing that that section of the country owes in its industrial development a great debt to that which our friends of the opposition are pleased to call Government subsidies, I call the attention of the House to the fact that most of the development of this character throughout the United States has been more or less in the nature of Government subsidies. In the section from which I come this subsidy is to such an extent that it amounts, in fact, to a gift, a gift of free navigation to a few large steel companies. I wish to say one of the greatest streams that has ever flowed from the great Republican pork barrel of the United States is the Monongahela River. During the last 12 years Andrew Mellon has pleased to move locks and dams up or down that river a thousand yards or so to give employment to that Dravo Construction Co., and has any voice ever been raised in this House in protest against that? There have been no protests, at least not sufficient to stop that kind of manipulation, because it has been to the financial interests of those in this country who are in the front ranks of big business. Now that we have proposed a measure intended to promote the interests of the little man, loud is the protest from the high priests of special interests for a special few.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I have not the time to yield. My time is short. A great deal of opposition has been raised to this measure because it has been stated that we are overdeveloped in the United States. Are we in this country today of so little faith that we must look backward for our industrial inspiration? If so, then beyond a doubt we are lost. This Nation owes its industrial development to the fact that we have always looked forward and not backward. The wants of the American people are as great or even greater today than they were 5 or 10 years ago. The most important factor which has influenced the evolution of the human race is the fact that it is one of the determinations of mankind that his posterity shall enjoy more comforts, advantages, and pleasures than he himself enjoyed. Are we, the descendants of those pioneers who in such a short space of time carved a Nation out of the wilderness, to throw up our hands in abject surrender and say, "The sun of opportunity has set; therefore let us rest." A nation which does not look forward must go backward.

All we need to start industry moving in this country is to allow the people to be able to buy what they desire. That is the solution to our industrial stagnation. If the people of the United States have the means to buy they will buy.

and if they can buy, our industries will start up, and we will have employment and its inevitable prosperity and happiness. Here is one measure designed to further this industrial program by which we are trying to provide employment for the people of the United States. Here is a measure which takes into consideration the largest class of people in this Nation—the ultimate consumers.

Coming from the section I do, I would not consider myself a good American citizen if I could stand on the floor of this House and oppose this measure simply because it is liable to benefit a certain section. It is true that it will benefit this one section more directly than any other. However, it will benefit the whole country indirectly, because of this fact: As one gentleman of the opposition stated a few minutes ago, a measure must be viewed from the viewpoint of the Nation as a whole. Let us therefore lay aside our sectional viewpoint and consider the Nation. It is a well-known fact of economics that money spent in one part of the country eventually gets around and helps all of the country.

In the Monongahela Valley the Government maintains a free river for the transportation of a very few big steel companies, and each bank of the river is paralleled by railroads. Because of the fact that the traffic of the steel and coal companies passes through those locks without even the cost of a postage stamp, the Government has been compelled to furnish the money to pay the interest on the bonds of these practically bankrupt railroads. Is not that Government competition with industry, I would ask you, and who is paying the bill?

During the past few years there has developed in this country a gigantic industry—that of furnishing electric refrigeration. So far it has been limited mainly to refrigeration concerning foodstuffs. I can see in the near future that industry reaching out and engaging in refrigeration to cool the habitations of the citizens of the Nation. Where in our national boundaries is there more demand for electricity for this purpose than in the section of country where this project is proposed?

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RICH. When we have hearings before a committee and cannot get time as we desire, and we have debate on the floor and cannot get the time we want to discuss these questions of national importance, what kind of legislation should we call that?

The SPEAKER pro tempore (Mr. GREEN). Under the rules of the House the gentleman in charge of the bill, chairman of the Committee on Military Affairs, controls the time.

Mr. McSWAIN. Mr. Speaker, I yield ½ minute to the gentleman from Illinois [Mr. GILLESPIE].

Mr. GILLESPIE. Mr. Speaker, I ask unanimous consent to incorporate in the RECORD a short article by Dr. Beard in Harpers Magazine, 1931, which illustrates and catalogs briefly all of the different enterprises in which the Government is engaged.

Mr. GOSS. Reserving the right to object, how long is the article?

Mr. GILLESPIE. It would occupy about two pages, I believe, of the CONGRESSIONAL RECORD, or perhaps two and a half pages.

Mr. GOSS. Cannot the gentleman reduce that?

Mr. GILLESPIE. Yes. I can cut out the first two pages of it and that will shorten the article.

Mr. GOSS. If it will make a short article, I will not object.

Mr. BRITTEN. Reserving the right to object, how many pages of the volume which the gentleman now has does he intend to insert in the RECORD under leave to print?

Mr. GILLESPIE. It is about 4 or 5 of these pages. It would make about 2 pages of the CONGRESSIONAL RECORD.

Mr. BRITTEN. What is the volume which the gentleman has in his hand?

Mr. GILLESPIE. It is Harpers Magazine, which I got from the Library.

Mr. BRITTEN. Mr. Speaker, I object to that being inserted in the RECORD.

Mr. JAMES. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, this bill providing for the development of the Tennessee River does violence to fundamental principles of government, practices inequality among the people, violates horse-sense business, and places upon the American people an intolerable financial and tax burden.

In the first instance I say it does violence to government. I point to section 2. Here is created a board which is to be responsible for the expending of tens of millions of dollars, and will be spending hundreds of millions of dollars before we are through with it. By the terms of the bill this board of three men is to be appointed, each for a term of 9 years. Once this thing is in operation it means that no President of the United States, during one term, will have an opportunity to appoint more than one member of this board. The creation of this board, to have charge of the expenditure of this vast sum of money and given terms of 9 years, has but one obvious purpose, and that is to build up something which is above and beyond the control of the President of the United States, whoever he may be, and the Congress of the United States. [Applause.] It flies in the teeth of the fundamental principles of democracy and of the Constitution of our country.

In this bill again you Democrats are destroying the civil-service provisions of our law. I have no desire to be partisan. I wish only success for the administration of Franklin D. Roosevelt. Failure means more than personal failure to him. It may mean failure to the country; but certainly, my Democratic friends, you owe more to your country than to bring in bills such as this and make patronage measures out of them. [Applause.] Down to the stenographers who work for this institution the civil service is not applicable. Then, to add insult to injury and to practice deception, you place section 7 in this bill, in which you make the hypocritical statement that no appointment shall be subject to political qualification.

Mr. McFARLANE. Will the gentleman yield?

Mr. McGUGIN. No. I cannot yield until I have finished.

Now, what does that statement mean? Here is a board supposedly nonpartisan, two of one political party. Your President will naturally appoint two Democratic members, and I take no exception to that. You Democratic Congressmen and Senators, of course, can go down to this board, controlled by Democrats, and obtain appointments for stenographers, and what not, which should be under the Civil Service. You will say that your recommendations are on the basis of efficiency, and that will be sufficient to meet the qualifications of section 7. It is wrong to destroy the civil-service provisions in this bill; and last week, even in a relief measure, where the welfare of the hungry and the poorly clad and the unsheltered was involved, you made patronage of it by driving the Civil Service from its operation. It is wrong, and I appeal to you not to become drunk with your power of three-fourths majority and destroy the Civil Service.

Now, I want to get down to this bill. Section 6 pertains to fertilizer. I said a moment ago that this bill perpetrated inequalities among the people of this country. Assuming that this board operating this governmental adventure is going to manufacture fertilizer cheap, you know and I know that transportation will make it impossible to deliver that fertilizer to the great body of farmers of this country. It will take care of a few farmers within three or four hundred miles of Muscle Shoals; yet every farmer in the United States will be taxed to pay his proportionate share of the investment made in this institution. That is inequality.

Again we have as a part of the relief program farm legislation. Just two weeks ago we enacted legislation giving the cotton producers of this country a free gamble on the cotton market at the expense of the Government, and with the pledge that the cotton producer need only reduce his acreage. Yet now, at Government expense, it is attempted to produce fertilizer more cheaply, which, in the nature of things, can only be delivered to the cotton section; and cotton, of all crops, is the one outstanding crop of which we produce a surplus in this Nation. Still, at Government

expense, we justify going into this wild experiment on the theory of producing fertilizer more cheaply.

Subsection (b), section 10, provides that during each fiscal year the General Accounting Office of the Government of the United States shall make a careful accounting and audit of the receipts and expenditures of this project. The same section provides that there is to be a complete duplication of this work by outside accountants and auditors. This provision is that the President shall employ a firm of certified public accountants to likewise make an annual audit. During this session of Congress we have given the President power and authority to consolidate duplicating bureaus and departments, yet, before the President has time to perform this task, we are here passing this act which makes it mandatory that once a year the same identical work will be duplicated. If we have no faith in the ability and integrity of the General Accounting Office and want outside accountants to do this work, then let us not make it necessary that the General Accounting Office carry a personnel to do work which the Government is not going to accept with confidence. If we have confidence in the General Accounting Office, then we should at least leave it optional with the President as to whether or not he wants an outside check-up on the General Accounting Office.

Now let us go to the power phase of it. When we consider this bill carefully, there is no doubt but that there will be expended untold millions. The bill itself provides for an appropriation of \$10,000,000 and for a bond issue of \$50,000,000. So far as the bill itself is concerned, we would say it only authorizes an expenditure of \$60,000,000. Probably a casual reading would leave this inference, but this is a deception practiced upon the country. Carry out the mandates of this bill, and the man does not live who has a reasonable comprehension of how far this obligation will go against the people of the United States.

Very likely when this bill comes back to the House we will find the Senate has substituted for it the Norris bill. Under section 15 of that bill electric power is to be developed to the maximum, and bonds are authorized to be issued with no limitation on the amount of bonds which may be issued. It is estimated 5,000,000 potential horsepower is involved in this project. A reasonable estimate of the cost to develop such horsepower is \$150 per horsepower. This would mean an expenditure in the end of about \$650,000,000. Before this thing is through we are going to be into the billions, because once it is started we will be told we cannot stop.

Let me show you some more of the fallacious ideas set forth in this bill. Section 15 of the bill provides that the primary purpose is the development of power for domestic consumption on the farms and in the cities; that the secondary purpose is its use by industry. Well, this is only a dream. Anyone who knows enough about electricity to turn an electric button knows the plant does not operate that can produce electricity profitably except it has a constant industrial load. Unless a plant has a constant industrial load it cannot produce electricity cheap enough to be sold to advantage for domestic purposes.

I have no brief for the stock grafters who have been promoting electric light and power plants over the country the last 15 years. In many instances I have advocated municipal ownership of plants, but I have never yet undertaken to lead the people of any given community down a blind alley by recommending to them the establishment of a municipal light and power plant where there was not an industrial load at hand for them.

Municipal light plants are practical and are invariably operated at a profit in those towns and cities where they have access to a constant industrial load to equalize the demand with the capacity of the plant. I have never known of a successful municipal plant to be operated upon the theory that furnishing electricity to industries was a mere secondary purpose. My position in this matter is not a case of a greater interest in smokestacks than in lighting darkened homes. It is just a case of using a little horse sense and being practical. In the long run, it is a case of having a greater interest in the welfare of the homes. The people

buy the electricity for domestic consumption when they are able to buy it from a plant which has a large, constant industrial load. When the people buy electricity from a plant which does not have a large constant industrial load, the cost of placing electricity upon the board to be used in the homes is so high that in turn the price paid by the homes for domestic use becomes prohibitive for many domestic uses. Those who operate municipal plants either know, or soon learn, this fact. Therefore, they soon operate their plant not with the idea that supplying electricity for industries is a mere secondary purpose but with the idea of supplying electricity for industries in order that they may be able to produce electricity in a quantity and at a cost which will permit the sale of it for domestic consumption at a cheap rate.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 10 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. The distance power may be transmitted from this plant is limited to a radius of 400 miles from the place of generation. Why tax the people of the entire United States to provide electricity and power for industrial and domestic uses within a restricted area of 400 miles?

I do not admit for a moment this project is practicable; but, assuming for the purpose of the argument that it is, I ask you, How can I or any Member whose district lies more than 400 miles from Muscle Shoals justify his action in voting taxes upon the backs of his constituents to furnish electricity and power for those living within this golden circle with a radius of 400 miles from this portion of the Tennessee River? [Applause.]

I came in here a few weeks ago and stood squarely behind the President of the United States and voted for the economy bill. I personally believed, and I believed his statement when he said that a bill was necessary to preserve the faith and the credit of the Government of the United States; but here comes a proposition that is going to demand much of the people of the United States and drain the faith and credit of the United States for tens and tens of millions of dollars and ultimately hundreds of millions of dollars.

Having stood here a few weeks ago and voted to reduce the salaries of public employees, voted to give the President power to take certain pensions away from many of my comrades who were the defenders of this country in time of war, I am not now ready to vote to pour public money and credit by the millions into the Tennessee River. [Applause.]

In this connection, I want to ask any Congressman who stands upon this floor and votes for this bill, who likewise voted for the economy bill, if he thinks he even deserves the good will of the veterans of his district and of the public employees of his district and of the taxpayers of his district, much less deserving their confidence and support.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I cannot yield.

Mr. RANKIN. What about those who voted against the economy bill?

Mr. McGUGIN. They are in pretty good shape; they are consistent. In this connection I may say we have almost come to the point where there may as well be but two kinds of Congressmen—consistent Treasury raiders all the time and those consistently in favor of some economy in government.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. My time is very limited.

Mr. GOSS. The gentleman was a member of the Economy Committee, was he not?

Mr. McGUGIN. Yes.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I am sorry but I have not the time to yield.

This is a case where it is purely a proposition of heads the Government loses and tails somebody else wins. Obviously, all losses must be made up by the Government, but here again, in section 14, we practice some more fraud and deceit upon the Congress and the country. By this section we leave the inference that the net profits shall go into the Treasury of the United States. But before there are any net profits the Board must first deduct the cost of operation, maintenance, depreciation, and amortization.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Not yet.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question about his own record? I wish to ask him about his own consistency as shown by his votes in the RECORD.

Mr. McGUGIN. I have not yet yielded. Mr. Speaker, I decline to yield.

Let us see what else there is to it. Mr. Speaker, under this section before one dollar can get into the Public Treasury this board must be satisfied that it is not needed for future operating capital or needed for construction. This will be worse than the Federal Reserve System. Supposedly the Treasury was to obtain some profit from the Federal Reserve System, but before any profit will be turned back to the Treasury from the Federal Reserve they must pay for the great buildings they have built all over the Nation, buildings that were not needed. The same thing will apply in this enterprise. Not one penny can get into the Treasury except the board reaches the conclusion it is not needed for future operation or future construction. There will be no end to carrying on future construction rather than to turn any net profits into the United States Treasury.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. For a very short question.

Mr. McFARLANE. Will the gentleman explain his vote against the administration measure which gives to the President the right to reduce the more than \$200,000,000 annual postal deficit? In view of his speech today on the subject of economy, will he explain why he voted against the measure giving the President of the United States the power to reduce the postal deficit?

Mr. McGUGIN. My first answer to that is that I voted to reduce first-class postage from 3 cents to 2 cents, but I was voted down by the gentleman and his political colleagues. [Applause.] Next, I refused to vote for that bill because it carried a continuation of the iniquitous gasoline tax for another year. [Applause.]

I want to call the attention of the House to another section of this bill. It provides for going up to Cove Creek and building another dam over 100 miles from Muscle Shoals and not even on the Tennessee River.

After the war there were millions of dollars' worth of American Army supplies destroyed in France. We have heard much complaint about it. When it was destroyed, however, at least it was not used as an excuse or justification for spending millions of dollars more.

Muscle Shoals is not practical in and of itself as a place to produce electricity, and sections 16 and 17 frankly admit this, because you are insisting that the Government go 100 miles up the river and on another river and build another dam in order to have an even flow of water for 12 months of the year so that Muscle Shoals can be used for the production of electricity. As a matter of fact, after this is done and after this \$60,000,000 is expended, again we are going to be told, as we are now told, the Government has this much money invested and we will have to go on and see this thing through and spend more and more money.

Now, let us assume that this proposed board can produce electricity and will produce it more cheaply for the use of manufacturing in the Tennessee Valley. If I am not mistaken, the thing that is hurting this country now is that the industry we already have is standing idle and not that we need more industries.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. McGUGIN. In considering this measure, the sponsors always throw reason and consideration to the four winds and intolerantly stick to the assumption that its success is not a matter of question. Now, for the sake of the argument, let us assume that their assumption is correct. Let us assume that the enterprise will be operated efficiently, that electricity is produced cheaply and sold advantageously to industry in the Tennessee Valley. Then the question arises, Is that advisable, and is it equality among the people of this country? I cannot subscribe to the proposition that all of the industries and all of the people of the United States should be taxed to provide cheap electricity for industry in one specific section of the country so that it may be favored and operated at an advantage over the industries of the rest of the United States.

I am not interested in taxing the people of Kansas or having the people of Kansas assist in providing their share of the public credit to generate cheap electricity in the Tennessee Valley so that industries located in that valley can operate at an advantage over industries located in Kansas. I am not interested in placing this burden upon the people of Kansas so that in the future industries seeking locations will pass by Kansas and go to the Tennessee Valley.

My honest judgment is that in the end this enterprise will not be successful and that the people will suffer a terrific loss which must be made up by the Federal Government picking the pockets of all of the people through the collection of taxes. Yet, assuming that it meets with all the success which its sponsors claim, still the fact remains that any Congressman who sits here and votes for it and represents a district more than a few hundred miles distant from the Tennessee Valley betrays the just interests of the people whom he serves. He will have voted to tax his own people for something which may destroy them and which certainly cannot benefit them.

We are forced into this situation very largely by the efforts of a grand old gentleman from McCook, Nebr., yet my judgment tells me that he is promoting something which is a mere obsession with him and which I am quite certain will never benefit the people of Nebraska. If it succeeds, it will provide economic discrimination against the people in Nebraska. If it produces cheap power, it will discriminate against Nebraska industries. If it produces cheap fertilizer, transportation charges will not permit the farmers of Nebraska to enjoy the benefits of that cheap fertilizer. It will only present economic discrimination against the farmers of Nebraska in that it will make it possible for their competitors in the vicinity of the Tennessee Valley to enjoy increased production to be sold in competition with the production of the Nebraska farmers. If it fails, every citizen in Nebraska will be obliged to contribute in taxes to help make up the loss. What is here said of Nebraska is true of every other State which is located at a distance of more than a few hundred miles from the Tennessee Valley. I am not going to vote for such discrimination against the people who sent me to Congress and whom I am trying to represent faithfully.

Under the rules, I cannot mention a Senator by name. I said, a few moments ago, that the Congress and the country were being forced into this situation very largely by the efforts of the distinguished citizen of McCook, Nebr. During the campaign, President Roosevelt stopped off at McCook especially to visit with this distinguished gentleman. This visit obtained for Mr. Roosevelt the votes of a host of followers of this gentleman. Then a political obligation was created, which the President should some time liquidate. I have no objection to the President's paying his political obligations. Due to my high regard and veneration for the distinguished citizen from McCook, I have no objection even to his obsessions' being gratified. However, I am not willing to vote to force my country into an enterprise which will cost the people of the United States millions of dollars, and which experience and reason tell me will most likely be a

gigantic loss to the people in order to pay the political obligations of any man or gratify the obsessions of any man. This is true even though he be a President or a United States Senator.

If this enterprise proves successful, it is discrimination which the most of us are voting against our own people. If it proves unsuccessful, we have voted the loss of the experiment upon our own people. Others may do as they please, but, as for me, I will not so vote against the people of the Third District of Kansas. I thank you. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from Louisiana [Mr. MONTET], a member of the committee.

Mr. MONTET. Mr. Speaker, while this is my second journey with a Muscle Shoals bill since I have been a member of the Military Affairs Committee, it will not be my purpose to cover ground already covered. My only purpose in taking this time is to call to the attention of the House certain provisions of the bill which render this proposal immune from any successful charge that it is begotten of prejudice against any activity in the area it seeks to serve and develop.

While Muscle Shoals was first called to the attention of the Nation some 100 years ago, it was not until 17 years ago, in 1916, that Muscle Shoals really came into being. During the World War Congress passed the National Defense Act. In that act it is provided that in times of emergency Muscle Shoals shall be used for purposes of national defense, and in times of peace for the promotion of agriculture by producing cheaper fertilizer and more fertilizer for the farmers of the country.

In this proposal we seek to effectuate this purpose. We have written into the bill provisions which insure, under all circumstances, the production of fertilizer at Muscle Shoals. It is provided that the authority shall have the power to lease this project for the production of nitrogenous plant foods and other fertilizers or fertilizer ingredients. It provides that if the authority itself operates this project, it shall be bound—and this is made mandatory—to produce fertilizer at Muscle Shoals under all conditions and circumstances. The bill insures a minimum production and that this production shall be increased as the market demands shall require.

So in this respect we are carrying out the provisions of the National Defense Act of 1916, which brought Muscle Shoals into being.

It is my purpose to not only call your attention to certain provisions of this bill but to also refer to statements by our President and other leaders of public thought with reference to public utilities of this and kindred kinds.

I want to call your attention to section 13, which provides that—

in the event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations—

And so forth, to construct lines for the distribution of electricity. On page 24 of this bill, section 16, the first proviso also has a like provision with reference to the construction of a transmission line from Cove Creek to Muscle Shoals.

These provisions are founded upon sound business principles, and it is my hope that under any and all circumstances, whatever bill is eventually passed by the Congress, these same sound principles will be contained in the measure.

This is in line with the testimony adduced before our committee. Every witness testifying before the Military Affairs Committee in support of this legislation said it was either his or her opinion that if the Government entered into this field of activity and constructed dams and electricity generating facilities at Muscle Shoals, before engaging in the construction of transmission lines, the Government should first make every effort possible to avail itself of now existing transmission facilities in that territory. Every witness who testified before the committee admitted that that was the proper way for the Government to enter into this field, that it should first attempt to use existing facilities now in that

area and owned by private companies. In other words, the Government should only go into the transmission and resale of power as a last resort.

We have written this principle in the bill. This is in line with what our President said to the New York Legislature in 1931 when he was Governor of that State. It is in line with his public addresses and in his recent book, *Looking Forward*.

Mr. GOSS. Will the gentleman yield?

Mr. MONTET. I yield.

Mr. GOSS. I want to say to the gentleman that I consider that the most constructive amendment that has been written into the bill.

Mr. MONTET. I thank the gentleman. I want to call attention to statements made by President Roosevelt. I am calling this to your attention for the purpose of showing that these provisions are in line with what the President has said.

In July 1931, at a conference of governors at French Lick, he said:

We hope this new commission will be able in order to prevent duplication of existing lines to make a fair contract with existing utility companies, under which contract the utility companies will receive the actual cost of transmission, the actual cost of distribution, plus a reasonable profit on that transmission and distribution.

The provisions of this bill are in direct line with that statement.

In a radio address on the New York State water-power issues in April 1933 President Roosevelt, discussing the bill creating the New York State Power Authority, said:

The bill further distinctly provides that if the power trustees are unable to bring about a contract or contracts satisfactory to them and to the governor with private companies for transmission and distribution, then the trustees must report to the legislature some other plan, if practicable, for either transmission or distribution, or both, which may involve the erection of transmission lines by the authority itself.

We went a step further than did Governor Roosevelt in 1931. He said, if the board is unable to effect an agreement with private companies for the transmission of power, it shall report back to the legislature for further instructions.

There was written in this bill a provision which goes beyond the instructions contained in the New York Power Act, because we do not provide that the authority must come back to Congress. We provide that if it is unable to make a contract with private companies for the resale of power, or for the use or purchase of these lines, instead of coming back to Congress, the authority can go ahead and construct distributing lines without coming back to us. This is a more liberal provision than was put forth by President Roosevelt in his New York Power Authority Act.

No one, I believe, would attempt to justify the construction of unnecessary competing services. I notice that on the 15th of this month our own Speaker, Mr. RAINEY, in a speech to the American Highway Freight Association Convention in this city, while discussing the question of a system of railroad trunk lines paralleling each other and serving the same areas, said:

We have the spectacle in this country now of parallel tracks extending sometimes for 2,000 miles, serving the same terminals, and the same points where passenger and freight traffic originate.

It would be just as ridiculous for this Government to build transmission lines without making some effort to use the system already in existence as it would be to build two competing railroad trunk lines serving the same terminals and the same area. It is for this reason that we wrote the provisions here referred to in this bill. These, I believe, are sound economically and represent good business sense. The Government cannot justify going into this Muscle Shoals project with a view of destroying existing facilities. It must first make every effort possible to close satisfactory contracts for the resale of power, and to show you that that would accomplish the same purpose as the construction of transmission lines, we also provide in the bill that the rates to be charged for the redistribution of this power shall be fixed by the Federal Power Commission.

Mr. KVALE. That applies only to maximum rates.

Mr. MONTET. That is true. It applies only to maximum rates, but the point I am driving at is that the purposes of this Muscle Shoals legislation is to establish a yardstick, and we maintain that by these provisions of the bill we can establish the yardstick without causing the Government to put the distributing system now in existence out of business, because, at all times the Government will have its thumb on the rate-making power, the Federal Power Commission. It is therefore important that whenever any provision is made for the construction of transmission lines by the Federal Government, these provisions of this bill should be maintained, for they are economically sound, good business principles and refute the charge of time made that this is a deliberate effort to destroy power facilities now serving the Tennessee Valley. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, my interest in this bill so far as conversation on the floor of the House is concerned has been directed very largely to the repeated suggestions on the Democratic side of the aisle about this proposed yardstick that the Government is to construct at an expense of 1,000 million dollars. Surely you gentlemen on the other side of the aisle are not going to convey to the people of the country that the administration is ready to spend a billion dollars in order to ascertain what it costs to make fertilizer or to generate power? That to a large degree has been the basis for your support of this socialistic proposal. Your administration has very little confidence in you gentlemen on that side of the aisle when it promotes the presentation of a rule to hamstring every one of you and prevent you from offering amendments to the bill.

The rule provides that no amendment shall be in order. Why is that done? It is done because your President has no confidence in you and your tremendous voting majority. You might offer amendments to this bill that would perfect it and make it desirable in the eyes of the public, but that is not what your administration wants. Let us see what your administration requested last week. Your President requested Congress to—

create a Tennessee Valley authority, a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise, whose duty should be the rehabilitation of the Muscle Shoals development, together with the conservation and development of the natural resources of the Tennessee River Drainage Basin.

When he requested that, few people had an idea that he was going to embark on an orgy of expenditure to the extent of a thousand million dollars. They little thought that he was intent upon promoting a gigantic governmental undertaking that would cost the Federal Treasury more than a billion of dollars and would in turn put the Federal Government in direct competition with two of its largest private commercial enterprises.

Let us see what the bill provides in section 27. It provides that money appropriated may be used for the—

general purpose of fostering the proper physical, economic, and social development of the people of said areas.

Think of it! A rule is brought into the House objecting to your amendment, and I am referring to you gentlemen over there who have the majority and who are responsible for this legislation, which rule will prevent your amendment of language like that which I have just quoted. It is so broad that the President could establish breweries down there if he wanted to, or hospitals, or schools, playgrounds, insane asylums, or military barracks. He could spend that money for almost any purpose under the sun. The language of the bill permits it, and you gentlemen are hamstrung and tied so that you cannot even offer a limiting amendment. Nothing like this has ever been presented to the House, I venture to say, in the history of this Government. This Muscle Shoals legislation is not new to Congress. It is new to some of you gentlemen on the other side, a hundred or more of you, who are trying to make yourselves believe that the President will not take advantage of the power granted him; but I agree with the very distinguished gentleman from

Arkansas [Mr. RAGON], who said the other day, when the postal legislation was under consideration, that legislation is always brought into the House for the purpose of putting it into effect, and I agree with him.

So it is with this Roosevelt Muscle Shoals bill. It is brought in here for action. The administration is going to pay the South a debt that the Democratic Party has owed it for many, many years.

Mr. Speaker, when carried into effect, the Roosevelt Muscle Shoals bill will destroy the fertilizer industry of America, which now comprises a capital investment of some \$400,000,000, with a manufacturing capacity of 12,000,000 tons of fertilizer per annum.

In the year 1932 the farmer tonnage of fertilizer requirement was 4,300,000 tons, and it is probable that the requirements this year may reach 5,500,000 tons, because of governmental stimulation, cash subsidies, farm-relief legislation, and other panaceas being formulated by the socialistic "brain trust" surrounding the President.

The Roosevelt "new deal" proposes to put the Government into the fertilizer business at a time when the private industries are running at 50 percent of their capacity and losing in actual money nearly a million dollars a month to their respective stockholders who are scattered throughout the United States.

Fertilizer industries are today selling their product to the farmer at much less than actual manufacturing costs.

The suggested sale of surplus electric power carried in the Roosevelt bill is mythical, because the several private power and light corporations now operating in that section already have a surplus of a billion kilowatt-hours, with no customers for it.

The bill puts the Government into the power and fertilizer business in competition with private enterprise at a time and place when this costly action is as unnecessary as would be the continuance of building war-time wood and concrete ships, the manufacture of shells and ammunition or the mining of our harbors against an unknown aggressor.

The political football of the Wilson, Harding, Coolidge, Hoover administrations is now scheduled to kick the balanced Budget into a cocked hat.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. JAMES. Mr. Speaker, I yield 3 additional minutes to the gentleman from Illinois.

Mr. BRITTEN. Years ago it was sought as a power project for the development of the Tennessee River area. Then the war came along and it was changed into a war chemical manufacturing plant for the manufacture of nitrogen, and, forsooth, for fertilizer purposes. There is no need, there is no demand for this great military power plant today. There certainly is no demand for it for military purposes. It is no different from other costly military ventures of the Government. We spent for the Hog Island shipbuilding yards \$70,000,000. Would anyone suggest in seriousness that we ought to carry on that tremendous enterprise and construct ships? Of course not. We spent \$390,000,000, almost three times as much as was spent at Muscle Shoals, for the building of wooden and concrete ships during the war. Would anyone seriously suggest that we continue that activity? We spent \$2,000,000,000 for commercial ships to carry our supplies to and from Europe. Would anyone suggest that we continue our shipbuilding activities, just because we were capable of doing so? We spent \$23,000,000 in the erection of another enterprise down here in West Virginia, for the manufacture of armor plate. It was another one of your Democratic "yardsticks" to regulate the cost of armor. It was a fizzle and a complete loss to the Treasury.

The Muscle Shoals plant was built during the war for the manufacture of nitrogen for military explosives. Today that plant is obsolete and of no value to the national defense, which in an emergency would require less than 150,000 tons of nitrogen annually for military purposes. Private enterprise today could manufacture 550,000 tons of nitrogen per annum. An amount quite sufficient for war, industry, and

agriculture. There is no need for this enterprise. It is not an emergency measure. We are not required to spend a thousand million dollars for a yardstick by which to measure the cost of fertilizer or the cost of power. We know what that is. As the gentleman said a moment ago, tomatoes may cost more to grow in Minnesota than in Florida. You gentlemen on the Democratic side of the aisle will rue the day you brought this bill into this House. It has been promoted by the so-called "socialistic brain trust" now surrounding your distinguished President. It is an unnecessary piece of legislation. [Applause on the Republican side.]

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. BATTEN] has again expired.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Speaker, for more than 100 years the Muscle Shoals question has been recognized by the United States Government as a Federal problem.

In the year of 1824 President Monroe submitted to the Congress a report of his Secretary of War, John C. Calhoun, recommending a survey of the Tennessee River in the vicinity of Muscle Shoals for the purpose of improving navigation and aiding commerce and military operations.

In almost every administration from President Monroe to that of President Wilson, some 90 years later, the Muscle Shoals problem has engaged the attention of the country.

In the year 1916 a provision was inserted in the National Defense Act, section 124, authorizing the President of the United States to make an investigation to determine the best, cheapest, and most available means of producing nitrates and other valuable products for munitions of war and useful in the manufacture of fertilizer; looking to the building of dams, locks, and improvements to navigation, power houses, plants, and equipment for generation of electrical power.

This survey resulted in the Government's investment of more than \$150,000,000 in Muscle Shoals as a war-time project.

Muscle Shoals was only one of many war-time enterprises but is the only one, so far as I can recall, that emerged from the World War with any appreciable peace-time value.

Twice since I have been a Member of this House, in the years of 1928 and 1930, both Houses of Congress have passed a Muscle Shoals bill by an overwhelming majority, similar to the bill now pending, and both times they were vetoed by the President.

In the Seventy-second Congress the House passed another Muscle Shoals bill, similar to this one, but it failed of passage in the Senate. I was a member of the subcommittee that wrote the last bill that passed this House, so am somewhat familiar with this legislation.

It has been amusing to hear some of the arguments that have been raised against the pending measure. For example, there are a few Members of this House who are insisting that they want nothing but the original Norris bill, whatever that may mean. Let me say here that I yield to no one in my respect for the great progressive Senator from Nebraska. His great heart beats in sympathy with the toiling masses. His zeal is unsurpassed in either House of Congress for the enactment of legislation to harness the Tennessee River in the interest of mankind. The fact is, however, that the so-called "Norris bill" that some of you gentlemen are so insistent upon passing without the changing of the dotting of an "i" or the crossing of a "t", was, in part, written by a House subcommittee back in the Seventieth Congress. Senate Joint Resolution No. 49 by Senator Norris passed the Senate, but when it reached the House a subcommittee redrafted the Norris bill. The House passed the measure as redrafted and the conference between the two Houses adopted much of the redrafted bill, and it has since become known as "the Norris bill."

As a member of the Committee on Military Affairs that wrote the pending measure, I have no hesitancy in saying that, in my humble judgment, it is a much more complete and practical measure than the so-called "Norris bill."

For example, the Norris measure only has fertilizer in it as an experimental proposition, while the pending measure guarantees a reasonable production of cheap fertilizer for the farmers of the United States.

The Norris bill contains no plans providing for amortization, while this bill provides for complete amortization within a period of 50 years.

It has been whispered around the corridors of the Capitol that the President of the United States does not want the passage of this bill. I have never posed as a White House spokesman but will say that I have discussed Muscle Shoals with the President of the United States and I am fully convinced that in the pending measure have been written the fundamentals of this legislation desired by our great Chief Executive.

A few Members of this House, who are bitterly opposed to any kind of Muscle Shoals legislation, are ridiculing the whole project as an impractical dream, but may I remind you that when Columbus dreamed of a new world he was ridiculed by many of the high and mighty? When Robert Fulton conceived the idea of a steam engine he was scoffed at as an idle dreamer? When the Wright brothers made their first crude contraption, in an effort to build what they hoped to be a flying machine, their efforts were laughed at by the so-called "sane conservatives" as silly and impractical? No great outstanding achievement has been accomplished, in any age, by any people, without a vision.

President Franklin D. Roosevelt, who pledged to the people in the last campaign that he would harness the Tennessee River and put to use for the benefit of humanity the great God-given powers of that region, and who is religiously endeavoring to carry out that promise, as well as all other campaign promises, is also scoffed at as a dreamer. Because he seeks to unshackle that great giant at Muscle Shoals that will revolutionize the power problem and permit the humblest family to avail itself of electricity at a reasonable rate, he is being held up by the representatives of the power monopoly as an impractical dreamer. Because he has visions of securing fertilizer for the American farmers in the reach of the small home owner and tenant farmer, he is being scoffed at today by scores of lobbyists and representatives of the fertilizer trusts as an idle dreamer.

Another argument raised by enemies of this measure is that the machinery and equipment at Muscle Shoals is antiquated and of no value for practical use. Representatives of the Power and Fertilizer Trusts who have appeared from time to time before the House Military Affairs Committee have all stressed and stretched this argument to the breaking point.

Mr. Speaker, when I went with several members of the House Military Affairs Committee on an inspection tour of these plants a few months ago, at the time Mr. Roosevelt visited this region, I had fully expected to see very little but old, out-of-date machinery, good for little of anything but junk. But, to my amazement, our committee found the opposite to be true. The machinery has been well kept and shining like new money. A greater part of it can be put to practical use within a very short time.

So, in spite of the insidious propaganda that Government properties now at Muscle Shoals are only a junk heap, as has been insinuated time and again since this discussion began, a visit to Muscle Shoals will convince any fair-minded person that there is absolutely no foundation for any such argument.

Time does not permit a detailed discussion of the pending measure. Other members of the committee have already dealt more or less in detail in discussing the bill, and no doubt Chairman McSWAIN, who has spent much time and energy on this legislation for the past several years, will probably explain the features of this bill at some length when he speaks later.

I am not one of those who claim this is a perfect bill. The fact is, I did not support all of its provisions in the committee. However, any weaknesses in this measure can be ironed out in conference between the House and Senate

later. Inasmuch as the people of Oklahoma, whom I have the honor to represent in part, are 800 to 1,000 miles distant from Muscle Shoals, they will not secure the benefit as will the people of the Tennessee Valley. So I cannot be charged with being selfish in my support of this measure. And yet, because the completion of Muscle Shoals holds out to the farmers of America cheap fertilizer and to all our citizens power at a more reasonable rate, I predict that the passage of this measure and the construction of Cold Creek and other dams as provided in the bill and construction and improvements at Muscle Shoals will mean a distinct blessing to the entire country, not only for this generation but for posterity. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. TRUAX.]

Mr. TRUAX. Mr. Speaker, I wish to consider this bill as a fertilizer measure to help the farmers of this country. I would remind my friend on the minority side of the aisle, when he said this was a bill to pay back to the South a debt that the Democratic Party owed it, that this bill will help pay off the debt to the farmers of this Nation which the Republican Party owed it for 12 years and failed to pay. [Applause.]

We hear much from our friends across the aisle about the socialistic "brain trust" that is sponsoring the President's program. I would remind them that when one billion or two billion dollars was being doled out to the bankers and railroads, insurance companies, and mortgage-loan companies of this country, we heard no such statements emanating from them. I like the gentleman from Kansas [Mr. McGUGEN], but continually the gentleman seeks to tell the new Members on the Democratic side how they should vote and what the reaction will be back home should they vote this way or that way. I wish to say to the gentleman I am thinking when I vote for this bill of one and one quarter million people back in Ohio who voted for me. I am voting for those seven million people in Ohio who are held in the grip of and being strangled by the Power Trust of this country. I am voting for the one and a quarter million farmers in my State who are being robbed and plundered by the Fertilizer Trust of this country. I say to you that I voted against the so-called "Economy Act", and when I did that I voted against the National Economy League and the rich income-tax payers of this country, and today when I vote for this bill I am voting against the Power Trust, against the Fertilizer Trust, and voting for all the people of this great country of ours.

Mention has been made that the President is assuming dictatorial power. He is, my friends, and the country is with him, and whenever he uses those dictatorial powers for the benefit of all the people, as he has, and not for the benefit of the privileged few, I shall continue to vote with him on each and every one of those measures which he sponsors. [Applause.]

The enactment into law of this bill, H.R. 5081, marks a milestone in the progress of Government activities for the benefit of the American farmer. The many advantages of using commercial fertilizers in connection with the production of grain crops in this country are too well known to warrant enumeration or analysis at this time. For decades large and liberal applications of nitrogenous and phosphoric fertilizers have been used by farmers in the Middle West, in the South, and in the New England States. Quite liberal use has also been made of these plant foods in the Southwest, Far West, and Northwest in recent years for the intensive production of certain specialized crops. Two decades ago and even three decades ago the net returns to farmers for their various crops was such as to warrant the use of commercial fertilizers upon the staple grain crops, including wheat, corn, oats, rye, barley, and to use much larger quantities upon such specialized crops as tobacco, cotton, potatoes, garden truck, and fruits.

For the past 2 years selling prices of farm commodities have stood at such ruinously low levels that the farmer who used fertilizers has not been able to break even but has

actually lost money on this transaction. Because of this condition and because of his inability in many regions to obtain fertilizer on credit, the total amount used shows a marked decrease. It is an axiomatic fact that when prices are low production is greatest. In order to pay taxes and interest charges, farmers must work every last tillable acre, which means soil depletion year after year. Add to this the natural soil erosion that takes place each year together with the cutting down of leguminous nitrogen creating crops because of high-priced seed, and we must admit that even in a 5-year period a decided impoverishment of soil plant food has occurred.

With each succeeding year of farm depression, beginning in 1921, it has been increasingly difficult for farmers to use fertilizer. They carried on year after year without keeping accurate account of the cost of fertilizer, the excess yield produced thereby, and the gross selling price as compared with the net cost. Then a little later, with many private dealers handling fertilizers and the farm cooperative buying associations forging to the front, these commercial plant foods became the easiest thing in the world for the farmer to buy—and the most difficult to pay for in the end. With competition growing keener day by day, the farmer learned that his fertilizers would be delivered at his door; that he would be given ample time in which to pay for it upon giving his note bearing a seemingly reasonable rate of interest. The rub was that each succeeding year, with few exceptions, in this 12-year downward slide, selling prices of the farmer's grain crops, fruits, vegetables, and livestock showing a diminution each year. Fertilizer costs did not show a corresponding diminution, keen as the competition was. Hence, during the past several years farmers find they can buy fertilizer but cannot pay for it out of the meager receipts of their farm commodities; hence, the provisions of this bill that we are debating today offers an opportunity unequaled and unprecedented in all history for the farmers of a great nation to be furnished at the lowest possible cost the plant food so necessary and vital to the conservation of our soil, hence to the conservation of the greatest agricultural nation the sun ever shone upon.

The farmers of America look upon the Muscle Shoals project as a fertilizer project. They insist that all the power necessary shall be used in the making of fertilizer. They say that the surplus power should be used for the common good of the residents and industrialists living and operating in the adjoining territory, and that a marked reduction in price over present rates should be effected.

A word about the enormity of the plant itself would not be amiss at this moment.

There are three distinct Government operations at Muscle Shoals: United States nitrate plant no. 1; United States nitrate plant no. 2, with its steam plant and limestone quarry; and Wilson Dam, with its generating plant and navigation facilities and its cheap hydroelectric power, and Waco Quarry, with its almost unlimited amount of limestone, are essential to the successful operation of nitrate plant no. 2. The cost of construction was \$69,000,000. Two thousand three hundred and six acres of land are covered. The plant has a production capacity of nitrogen, 500,000 tons; phosphoric acid, 1,000,000 tons. Normal mixed fertilizers, 12,000,000 tons; ammonium nitrate, 110,000 tons. Raw materials necessary to the process are limestone, coke, air, and water. Two of these—limestone and coke—are shipped to the plant by rail. Lime and coke are mixed together and fused in electric furnaces to form calcium carbide. Nitrogen is separated from the atmosphere by first cleansing the air, then compressing it, where the separation of the nitrogen gas is accomplished by the Claude process. Carbide and nitrogen are brought together in electrically heated ovens and fused into cyanamide, a crude fertilizer having a nitrogen content of over 20 percent. The cyanamide is ground to a fine powder and the acetylene gas removed by hydrators. At this point cyanamide is placed in large steel tanks with a solution of caustic soda. Live steam is then turned in, and the subsequent reaction produces ammonia gas, which in

turn produces nitric acid and nitrates for fertilizer and explosives.

The production of fertilizer, however, is only one of several gigantic projects proposed. The bill provides:

For the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development.

Four distinct fields of usefulness are recognized: First, nitrate manufacture for national defense; second, fertilizer production; third, power development; fourth, navigation improvement.

The bill is opposed by two organized groups—namely, the Electric Power Trust and the Fertilizer Trusts. It would appear on the surface that the opposition of these two groups is wholly selfish, since they produce and sell power and fertilizer, respectively.

That this gigantic Government plant, instead of being allowed to disintegrate, as it has for the past 13 years, should be put to immediate use and work for the farmers and electric-power users of the country no fair-minded person seriously doubts. The United States is not self-sufficient either in peace or war in its nitrogen supply. The soils of our fields are depleted from erosion and crop production many times faster than they are being replenished. Nitrogen and phosphates can be produced cheaply at the Muscle Shoals plants. One great national use can be obtained by selling power in the form of fertilizer; another national use secured by selling the surplus power at reduced rates. Cost of fertilizer to farmers will be much less than now: First, because of low-priced power; second, because of water transportation; third, because of high concentrate material; fourth, because of distribution through cooperative organizations and other local associations. Admitting that fertilizer prices have dropped sharply, yet the disparity between selling prices of farm commodities and fertilizer cost prices is greater now than it was 10 years ago. More pounds of pork, more bushels of corn, more bushels of wheat are required today to buy a ton of fertilizer than was the case in 1923.

Farmers and farm organizations will be given first opportunity to use the new forms of fertilizers at a low cost; to lease the existing plants, if necessary, for the benefit of the farmer and agricultural conservation, except that there shall be no lease of power dams, power plants, and power-generating facilities. Fertilizers produced shall be sold to farmers or their authorized purchasing agents at cost, plus 4 percent. The plants must be maintained for the production of explosives in the event of war and nitrogenous explosives supplied to the Government at cost. No products shall be sold to foreign nations except to allies of the United States in case of war. Surplus electric power will be sold to States, counties, municipalities, corporations, partnerships, or individuals at low rates, with preference given to such municipalities or farmers or organizations of farmers or parties not organized for profit. One of the most valuable accomplishments of the plant will be the fixing of a standard rate for electric power all over the United States. This rate will be based upon actual cost of production, plus a reasonable profit. In case of war the Government takes possession of the entire plant immediately. Under the bill the President is given broad dictatorial powers which are vitally necessary to the successful administration of the act. The enactment into law will be a glorious victory for the consumers of electric power and a distinct defeat for the Power Trust. It will mean the freeing of the American farmer from the oppression of the Fertilizer Trust.

As we view American agriculture in the broadest manner possible, looking to the East with its many diversified crops, then turning to the West with its great Corn Belt, the Northwest where wheat is grown that the people may have bread, the Southwest and South with its cotton plantations, we cannot do otherwise than realize that the Muscle Shoals project, if operated to capacity or near capacity as a fertilizer project, can be made of personal and direct benefit to every farmer in this great Nation of ours.

I am supporting the bill 100 percent and am herewith submitting tables that will fully prove all of the contentions made for the bill by its proponents. (Tables furnished through the courtesy of the American Farm Bureau Federation.)

Principal ingredients used annually in manufacture of fertilizer in the United States

[Source: Fertilizer and Fixed Nitrogen Investigations, by Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 2]

	Tons
Phosphates.....	4,100,000
Nitrogenous.....	2,100,000
Potash.....	900,000
Filler and conditioner.....	800,000
Total.....	7,900,000

Fertilizer consumption by crops in the United States, 1930

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, Jan. 1, 1933]

	Percent
Percentage of total fertilizer consumption utilized for various crops:	
Cotton.....	35
Corn.....	21
Vegetables and fruit.....	10
Wheat.....	9
Potatoes.....	9
Tobacco.....	7
Oats.....	4
Hay.....	2
Miscellaneous.....	3
Total.....	100

Production, imports, and consumption of nitrogen in United States

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 2]

Item	1913	1926	1929	1930	1931
Production:					
Byproduct.....	Tons 39,330	Tons 170,000	Tons 187,600	Tons 164,000	Tons 122,900
Air fixation ¹	26,000	84,000	140,000	60,000	60,000
Imports.....	128,235	255,327	236,161	166,508	151,550
Total.....	167,565	451,327	507,761	470,508	334,450
Exports.....		36,000	55,500	33,840	34,200
Apparent consumption.....	167,565	415,327	452,261	436,668	300,250
Percent of total from domestic production.....	23.5	47.0	60.5	69.6	60.9

¹ Estimate.

Production, imports, and consumption of potash in United States

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 26]

Year	Production	Imports	Total
	Short tons	Short tons	Short tons
1913.....	270,720		270,720
1926.....	23,366	238,000	261,366
1929.....	61,590	325,000	386,590
1930.....	61,270	318,900	380,170
1931.....	63,880	194,000	257,880

Estimated amount of concentrated phosphate which could be manufactured from surplus power at Muscle Shoals

[From data supplied by Office of Chief of Engineers, U.S. Army]

Year	Amount of concentrated phosphoric acid (95 per cent) which could be manufactured with surplus power		Equivalent amount of 16 percent acid phosphate	
	Amount during entire year	Amount during peak period	Amount during entire year	Amount during peak period
1928.....	Tons 283,500	Tons 164,200	Tons 1,701,000	Tons 985,000
1929.....	275,700	179,500	1,654,000	1,077,000
1930.....	170,700	171,800	1,024,000	1,030,000
1931.....	174,000	158,400	1,044,000	950,000
1932.....	236,100	156,400	1,416,000	1,178,000

Amount of power going to waste annually at Wilson Dam, Muscle Shoals, 1928-32

[Source: From data supplied by Office of Chief of Engineers, U.S. Army, War Department]

	Total energy available with present Wilson Dam installation	Total energy delivered to transmission line	Amount of power not used
	Kilowatt-hours	Kilowatt-hours	Kilowatt-hours
1928	1,776,199,000	216,859,000	1,559,340,000
1929	1,682,232,000	165,821,000	1,516,411,000
1930	1,238,251,000	299,260,000	938,991,000
1931	1,291,044,000	333,975,000	957,069,000
1932	1,578,900,000	280,220,000	1,298,680,000

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. I should like to know the program for this afternoon. Is it expected to have a roll call on this bill, or what is the plan?

Mr. McSWAIN. I think it is best, from what I have heard from both sides, that we conclude the debate and go down to the point where the previous question will be ordered. We will adopt the committee amendments, about which there is no controversy, as I understand, and get to the point where the previous question will be ordered, and have the roll call tomorrow morning.

Mr. JAMES. The gentleman proposes that we act on the committee amendments?

Mr. McSWAIN. Yes; we will adopt the committee amendments this afternoon and get down to the ordering of the previous question.

Mr. Speaker, I now yield 5 minutes to the gentleman from Missouri [Mr. DUNCAN], a member of the committee.

Mr. DUNCAN of Missouri. Mr. Speaker, ladies and gentlemen of the House, the gentleman from Illinois a moment ago said this seemed to be a contest between the "brain trust" and the Power Trust. I come from back in north Missouri, where the people are not directly concerned with the question of Muscle Shoals. There nature has endowed us with soil so fertile that it needs little artificial enrichment; we are too far away to enjoy the benefits of the power to be generated at this project; but it does seem to me, in view of the things that have taken place during the past 10 years in this country, we ought to take advantage of the opportunities we have to develop this great project. It is a well-known fact that some of the agricultural communities of this country, particularly those growing cotton, must have large quantities of fertilizer to keep their soil sufficiently fertile to grow their products. Every man in this House who has had any experience with rate making knows that there has grown up in this country, with the consent of the courts and the regulatory bodies, a plan or system of valuing public utilities for rate-making purposes that has brought them into the present disrepute in which they find themselves and has shouldered upon the people the burden of paying excessive rates for their products, of paying exorbitant sums for fictitious values written into their rate structures. I have nothing in common with those who are upholding the rights of the utilities, nor have I any sympathy with those who are suffering from an exaggerated case of powerphobia. The necessity for this project has been repeatedly questioned by those who are against it and tell us that there is already an overabundance of electrical energy being generated by privately owned companies of the Tennessee Valley.

In determining the need for a thing we must take into consideration the efficiency of the methods in use, the price of the commodity, and its availability to all who want or need it. If your automobile is so expensive in its consumption of gasoline that you can not afford to use it, it would be good business to acquire one that you could operate. If the authority can manufacture electricity and fertilizer and develop these two commodities for the farmers and citizens of the South at a reduced cost to them consistent with good business methods, it is a worthy project, aside from the ele-

ments of national defense, flood control, and other uses to which it may be put to.

We are told that by one act of this body we intend to curtail the production of the farmer and by another act we intend to increase that production. I say to you that one of the problems of the farmer today is to produce the thing that he is now producing with a minimum effort. If he can raise the same amount of products on 1 acre of land by the use of fertilizer and with the same effort which he now produces on 2 acres, the opportunity ought to be given to him. This is the only bill I have ever seen providing for a Government-controlled agency which safeguards that project by permitting it to operate in accordance with recognized business methods unhampered by political red tape. Under the Democratic leadership and plans now being formulated I feel confident that the farmers are going to be able to buy fertilizers and use electricity to minimize their labors. You are going to be able to develop business not only in the vicinity of this project but in your own communities.

It is provided in this act that the authority may sell the electrical energy generated to be distributed by the purchaser to consumers at a price to be agreed upon by the authority and the distributor, and if no satisfactory agreement can be reached by which this commodity can be sold to the consumer at a fair price, the authority itself can build transmission lines for its distribution. This is a proposition to furnish the people needed products at a price they can afford to pay for them. It is worthy of consideration for the purpose of creating an institution which may be used as an example throughout this land. Its cost is small compared to the benefits to be derived from it.

The Republicans in 1924 in their platform recognized the duty of the Government to conserve national water power, and used these words:

The natural resources of the country belong to all the people and are a part of the estate belonging to generations yet unborn. The Government's policy should be to safeguard, develop, and utilize these possessions.

Today they are backing up on an old policy of their party, and speakers attack the measure because its employees are exempt from the Civil Service. That is natural. They have long been strong for Civil Service. When they are in power they create many jobs under it and have so manipulated it as to keep their boys and girls in office regardless of the political complexion of the administration. Employees of this authority will hold their jobs if they are efficient and if they are not they may be relieved just like the employees of any other business institution.

The most gratifying thing I have heard on the floor of the House coming from the Republican side is their apparent interest in the taxpayers' money. I say to you that it is high time they were thinking about it because, so long, they completely forgot the taxpayers, creating a deficit of hundreds of millions of dollars. Yet they advance the "saving" question as one of the reasons for defeating this measure, although it is the only project created under Government authority providing for a return to the Government whatever money is appropriated for its use.

Electrical energy has become one of the necessities of life and is used by all classes of people. It can be cheaply made and it ought to be available to every man and women at a price they can afford to pay for it.

Mr. McSWAIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Speaker, this question has been before Congress for years and years and, as the gentleman from Illinois said a while ago, it has been a political football. With the Republicans in control of the White House and Congress since 1920 this question has been made a political football, but now with the Democrats in power we expect to make it a prosperity ball. I am happy to say that today we have a President in the White House who is playing ball with us. He has thrown the ball to Congress. Mr. McSWAIN, of South Carolina, Chairman of the Military Affairs Committee, is now on first base. Mr. HILL of Alabama, is on second base; Mr. ALMON, of Alabama, is on third base. When this ball gets over to the other end of

the Capitol Senator NORRIS, of Nebraska, will knock a home run. The bill is going to pass and there is going to be rejoicing throughout the length and breadth of this country. [Applause.] In February of this year President Roosevelt went to Muscle Shoals to inspect the properties there and I was fortunate in being invited to go with him on this trip. I will never forget the great throngs of people who gathered at Tusculum, Sheffield, Florence, Decatur, Birmingham, and Montgomery, Ala., to hear President-elect Roosevelt speak or to catch a glimpse of him. The long-continued depression had left its effects on the appearance of our people and, although thousands of them were poorly clad and have not had sufficient food, yet I could see a spirit of new hope and encouragement in their faces as we passed through the immense crowds. At each place when President Roosevelt said that he was going to put Muscle Shoals to work there was loud cheering and clapping of hands. Our people realized that when he puts Muscle Shoals to work this means that men will be put to work.

When Henry Ford made his offer for the development of Muscle Shoals properties it would have meant a great deal to Muscle Shoals and the immediate section around it. The development of the Muscle Shoals properties by President Roosevelt has an even more far-reaching effect. It means the operation of the nitrate plants for the development of nitrate in time of war and fertilizer in time of peace. It carries with it the idea of reforestation, the reclamation of lands, and embraces the building of Cove Creek Dam, which will double the primary power at Muscle Shoals, thereby virtually doubling the value of Wilson Dam and the nitrate plants. It involves the development of all the power possibilities of the Tennessee. Engineers have estimated that between four and five millions of horsepower can be developed in this area. This will mean cheaper power for several million of people in 7 or 8 Southeastern States. It also means the restoration of farm values in these States, which means the return of prosperity. It will bring new industries into these States, which will give employment to hundreds of thousands of people and create pay rolls. The people employed in these industries will in turn be able to buy the farmers' products.

There are those who criticize this measure because they say it places the Government in business, and I will answer this criticism by replying that the Government is already in business. Millions of dollars have been spent by the Government for carrying air mail, millions more have been loaned to the railroads, to the banks, and even the farmers to help them buy seed and equipment to make a crop. Therefore it can truly be said that the Government is interested and engaged in the airplane business, the banking industry, the railroad industry, and in agriculture.

Another criticism is raised to this bill by saying that it will destroy the properties of the power companies. I do not think that it will do this. The consumers of hydroelectric power and electricity have greatly decreased in the past 3 years, and if prosperity does not return to our section, it will continue to decrease. I think the development of Muscle Shoals will restore prosperity and enable our people to buy and use the power from the private power companies, whose rights have to a large extent been protected by the bill as amended, in regard to transmission lines. It may be that there will be some losses in stocks and dividends, but practically all stockholders throughout the Nation and world have suffered severe losses in the past 3 years.

I look upon the power in the rivers as I do the sunshine, air, and the water of the seas and oceans. It is a right that is inherent to our people and should be used for the welfare of all the people and not in the interest of a few.

The merchant, the school teacher, the preacher, the lawyer, the doctor, county, municipal, and Government workers have all had to take lower prices for their products, goods, and services during the past 3 years; and they have had to pay practically the same thing for their gas bills, their telephone bills, their electric bills, their railroad fares, interest on money, and for most manufactured products.

The Hydro-Electric Power Co. of Ontario sells power at 1½ cents per kilowatt-hour, while the people of Alabama are paying 4½ cents per kilowatt-hour for power. Eighty-five percent of the farmers of the Nation do not have electric power on their farms. No one can deny that if power was cheaper thousands of farmers throughout the Nation would be using it. The rural sections offer the greatest need for the development of hydroelectric power. The towns and cities are fairly well developed along this line. The production of cheap hydroelectricity will extend development into these rural sections. Business at this time is practically at a standstill, for the farmer is receiving less than cost-of-production for his cotton, corn, wheat, livestock, and other products. This means that the factories throughout the Nation are either shut down or running only part time. Either one of two things is going to happen: We are either going to have to receive a better price for our farm products, and labor will have to get better pay and more employment given, or our gas rates, electric rates, hydroelectric rates, freight rates, telephone rates, and most of our manufactured products and city, county, State, and National taxes must be cut in half. The passage of this bill will cheapen power rates. The passage of the farm-relief bill will increase the price of the farmers' products and at the same time cause inflation, which will cheapen money. I am, therefore, supporting these measures with the hope that they will aid in restoring prosperity to our Nation. [Applause.]

Mr. JAMES. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, last week we considered a farm relief bill that had been sent to us by brain trust no. 1. That bill provided for restriction of production of agricultural commodities of which there is a surplus.

Today we are considering a bill that has been sent to us by brain trust no. 2. The purpose of this bill is to stimulate production.

You gentleman realize that if this legislation is carried through to fruition you are going to impose a burden upon the American people that will run into the hundreds of millions of dollars, not tens of millions as has been stated?

What right have you to assess the people of Minnesota in order to provide the people of Alabama and Tennessee with cheap power? [Applause.]

Do you wonder we have had but three Democratic administrations in 72 years? We always have such ill-advised extravagances as these when we have a Democratic administration.

We have already put over \$120,000,000 into Muscle Shoals and now you want us to put in another two or three hundred million dollars. I want to ask you if it is honest to assess the people of the North to develop a project that is purely local. The gentleman from Missouri [Mr. DUNCAN] says his community will not benefit one iota from this legislation and yet he lives within 500 miles of Muscle Shoals.

Mr. ALLGOOD. Tell us about Boulder Dam. Did the gentleman vote for that?

Mr. KNUTSON. I voted against Boulder Dam.

Mr. ALLGOOD. But the Republican Party was in power when that legislation was passed.

Mr. KNUTSON. I do not care whether it was or not, it was dishonest, just as dishonest as this. Why should Uncle Sam assess all the people to do for localities the things they should do for themselves? Why do you not come in here and ask us to give you Muscle Shoals? We will gladly give it to you, lock, stock, and barrel. We will give you a quitclaim deed to it and turn over to you every dollar that we have already put into it. [Applause.] That would be the cheapest and best way out of a foolish, wasteful, and expensive venture.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, this bill has some good features and I should like to support it, of course, in the hope that when it got over in the Senate the Norris bill would be substituted to carry out the program of the President

for the operation of Muscle Shoals and the development of the Tennessee Valley. But the bill is not acceptable in its present form. Senator NORRIS is opposed to it, and I expect to offer a motion to recommit and substitute the Norris bill.

I live closer to Muscle Shoals than any other man in Congress, with the exception of two. This great project is capable of producing hydroelectric power that will exceed in amount the physical strength of all the slaves freed by the Civil War. This may give you some idea of its vast magnitude.

My idea is to use this power to experiment in the production of fertilizer, and to send the balance of it pulsing through this country to give the American people hydroelectric power at something like what it costs to produce it and to free this great project from the implacable grip of the Power Trust that has prevented the development and operation of Muscle Shoals for, lo, these many years.

Since my time is limited I want to point out one or two instances where I think this bill is faulty, if not vicious.

In the first place, it limits the President in his great program to develop the hydroelectric possibilities of the Tennessee Valley, in throwing about the building of future dams restrictions that will enable the Power Trust to step in with injunctions and other interferences and hamper the development of these projects in the years to come.

Again, this bill, instead of giving the Government the outright privilege and power to build power lines to deliver this hydroelectric power to the ultimate consumer at something like what it costs to produce it, will hamper, and greatly hamper, the Government in this particular by bringing into the matter the provision relative to purchasing or leasing hydroelectric-power lines from these companies on whose watered stock we are now paying exorbitant light and power rates. They have sold this watered stock to news papers throughout the country for propaganda purposes. They have sold it to lawyers, bankers, and business men who were formerly highly in favor of the Norris bill in order to develop a wave of propaganda against government operation of Muscle Shoals.

I introduced the Norris bill in the House and am offering it in my motion to recommit in the hope that we can get it substituted for the present measure.

Let me lay down now, once for all, my policy on the hydroelectric power of this country. I regard it as a natural and a national resource, just as much as the surface of the seas or the navigation of our rivers. I believe it should be used for the benefit of all the people.

If the Norris bill is enacted, I believe it will be the greatest step ever taken in this direction. It will be the beginning of a new national policy—the Roosevelt policy—that will give us hydroelectric power to turn the wheels of industry to transform our raw materials into the finished products, give us hydroelectric lights in every home, and will permit the installation of machinery to lift the burden of toil from every man and every woman, from the laborer in the factory to the housewife who now bends down over the washtub doing the most menial work, almost, known to man. Besides, the Norris-Rankin bill is in accordance with the President's views, and the President's views cannot be reconciled between these two bills. If he is for this bill, he can hardly be for the Norris bill. If he is for the Norris bill, as I understand he is, then the provisions of this measure must be unacceptable to him. I am sorry the Rules Committee gave this rule to shut off debate and deny the Members of Congress the right to offer amendments. [Applause.] Under this rule I could not offer the Norris bill as an amendment, but I am going to offer to substitute it on a motion to recommit. I hope you will all support that motion and help to substitute the Norris bill. Then the Senate will pass it and the administration will get behind it and help to give us this great piece of constructive, progressive legislation, which will be worth more to the American people than any other measure of its kind ever passed by the American Congress. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, in my own time I want to ask the gentleman from Mississippi [Mr. RANKIN] if he can really inform the House as to whether the administration is backing the Norris bill or the so-called "Hill bill"?

Mr. RANKIN. My information is that the administration is backing the Norris bill. I do know that Senator NORRIS is opposed to the bill now before the House, and I understand Senator NORRIS and the President are in thorough accord.

Mr. GOSS. There is no doubt in the gentleman's mind about that and the gentleman introduced a companion bill to the Norris bill in the House?

Mr. RANKIN. I introduce the Norris bill "verbatim, spellatim, punctuatim." [Laughter and applause.]

Mr. McSWAIN. I do not know whether the gentleman from Mississippi has talked with the President or not, but I talked with him for 4 hours before we wrote one line of the bill, and his secretary telephoned me Saturday afternoon that he relied upon us to work it out for the best interests of the country. When the bill comes from the conference the gentleman will see who represents the views of the President.

Mr. JAMES. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, when I came to Congress in 1915 the lobby which is responsible for the Muscle Shoals project was working hard. They took advantage of the war situation, and, greatly to my surprise, one morning I found that the chief farm leader from my State was advocating Muscle Shoals development as an aid to the farmers in the United States. Up to that time it had been nothing but a power proposition.

The lobby became aware of the fact that they could not get that as purely a power promotion, so they sold the idea to the farmers to insure cheap nitrates for the manufacture of fertilizer. The farmers have been farmed on Muscle Shoals. [Laughter.]

I want to say to you Members who may not have been here at that time that this proposition has been a creation of the lobbyists, and I want to ask now the chairman of this committee whether or not he can assure me and other Members that this power project created with Uncle Sam's money and transmitted to the consumer at his expense is not going to be sold to Henry Ford and the Du Pont interests and the Canadian power interests?

They are the people who have been lobbying for the development of this power proposition, and I want to know definitely in regard to it. They are supposed to be shut out under this bill, but I want to know if they are shut out, because if they are not, if they are behind this and are getting now in this bill what they have so long been working for this legislation should be stopped.

Mr. McSWAIN. I want to say that the authority will be in the hands of three citizens appointed by the President and confirmed by the Senate. They will administer the duties provided in the bill. Nobody can say that the power will not be sold to Henry Ford or the Du Pont interests or anybody else.

Mr. McFADDEN. That is just it. The gentleman has been here long enough to know how members of these boards are appointed. The power interests of this country always get what they want. I want to know if they are going to get it in this bill.

Mr. McSWAIN. I know how they were created during the previous administration, but we are going to have a new deal now.

Mr. McFADDEN. I am glad to hear the gentleman say that it is a new deal. Up to this time it is not in evidence that there is a new deal. Now, these are vital things in connection with this legislation. [Applause.]

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I have served in Congress a little bit over 16 years, and during that time various measures have been brought before Congress for the purpose of dealing with this problem.

But I want to say to the House that never have I seen a measure brought in here that dealt with it on its merits. The first bill that was brought in suggested a lease to Henry Ford and had no provision in it which could be enforced as to anything required to be done by the lessee. From that time on various bills have been brought in, and all of them have been tied up with such restrictions that the property could not possibly be leased, or else they were on such a basis that it could not possibly be operated properly. What do we do when we reach a situation in industry or anything else when we have a surplus of factory space or a surplus of power? Do we go ahead and build more, or do we stop? This bill can result in an expenditure of \$1,200,000,000. Is that why we cut our employees and the veterans \$600,000,000? Is that why we started out on our economy program? Is that why we laid out a structure upon which to get a return to prosperity, only to smite it down and cut the legs from under it with some such bill as this?

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. RANSLEY. The gentleman from New York was a member of the Economy Committee, was he not?

Mr. TABER. Yes. I supported the President's policy, believing that he was in good faith in his desire to cut down the expenses of the Government, but frankly I am terribly disappointed here on the authority of the gentleman from Mississippi, as I understand it, this afternoon, that the President is in favor of the bill which has been introduced in the Senate by the Senator from Nebraska, which goes twice as far as this bill goes in that it authorizes the issuance of more bonds and more construction than this does, without further action by Congress. There is not the least bit of evidence anywhere from anybody that there is a need for more power or that there is a need for more fertilizer. On the contrary, there is evidence absolutely undisputed that we have a surplus of fertilizer at this time and a surplus of power in that territory. It is the height of folly to go ahead with a Government operation at such a time and in such a place. The thing to do is to stop foolish construction now and get to the point where we are not putting any more burdens upon our taxpayers. Why should we, contrary to all economic law, go ahead and create new facilities at a time when there is no need for them and no reason for them? Why should we not intelligently lease that property to somebody to develop power and sell the power and not go ahead with further construction of a power plant when there is no demand for it, and when, if we draw industry down there, we simply destroy industry somewhere else. I beseech the Members of the House to use common sense on this program and not go ahead with the issuance of a lot of bonds and a lot of expenditure for construction which is not needed and which will be an absolutely unbearable burden upon the taxpayer. And do we propose to pay for it with dollars—and what kind of dollars—gold or printed?

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. McSWAIN. Mr. Speaker, I now yield to the gentleman from Tennessee [Mr. McREYNOLDS].

Mr. McREYNOLDS. Mr. Speaker, for the past 10 years there has been no legislation coming before this House in which I was more interested than I have been in the proper disposition of Muscle Shoals and in the development of the great natural resources of the Tennessee Valley. Many times have I appeared on the floor of this House in behalf of different measures of this character, and also before the Military Affairs Committee of the House and the Rivers and Harbors Committee of the House. I now come feeling that we will during this Congress reach our goal, and that this will probably be the last time that we will have this for consideration, because I am sure before this Congress adjourns we shall have enacted into law proper legislation

which will mean one of the greatest developments in this country. I want to congratulate you members of the Military Affairs Committee, and especially your chairman, Mr. McSWAIN, Mr. HILL of Alabama, and Mr. JAMES, of Michigan, who have been on this committee so long and who have been so vitally interested in this great question, and who have given so much time and study for its proper solution. To you should be given great credit, and the people should be very thankful for the great services that you have rendered to our section of the country.

I want to express to you my appreciation, and, I know, the appreciation of the House, of the most wonderful report that you have given accompanying this bill. You go back many years, giving the history of the different character of legislation that has been offered at various terms of Congress, the result of that offered legislation, and you cite the various planks in the different political parties which placed the Democratic as well as the Republican Party as pledged for the conservation and the development and for the use of all the people of the natural resources of the country, and that these natural resources were more likely conserved and utilized for the general welfare if held in the public hands.

The bill that is before us today for consideration, and which will be passed, is in my opinion one of the most far-reaching and wisest bills that has ever been offered for the solution of this Muscle Shoals proposition and for the development of the great natural resources of the Tennessee Valley. I say this regardless of the fact that there are some provisions in this bill to which I do not entirely agree, and there are other provisions that I would have placed in the bill if it had been my privilege to dictate the same. But I realize that all legislation involving so many great questions as this legislation does involve must be a matter of compromise. This bill provides, among other things, for the manufacture of fertilizer, which is so necessary for the farmers of the country; and if the Government is successful in manufacturing fertilizer, as provided in this bill, it will mean the saving of millions of dollars to the farmers of this country. Everyone knows their needs, and everyone knows that we can have no real prosperity in this country until we can restore the farmer to a prosperous basis.

It provides for immediate building of Cove Creek Dam and Dam No. 3, which are so necessary to the development of this section, and further gives the board, which is created under the provisions of this bill, called "the authority", the right to build other dams for the purpose of flood control or navigation, and also to build high dams, which is a combination of navigation and power dams, whenever there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of power production. Under this last provision it is very probable that the great power and navigation dam at Aurora will be built, which would give us navigation of 9 feet of water across the State of Tennessee to Pickwick Landing. Under the terms of this bill, reclamation and reforestation are included and the general development of this great section of our country. But the greatest feature of this bill is the use of the power and further development of the power at Muscle Shoals and Cove Creek Dam. The people of our section of the country are extremely fortunate that we are in a position for this great development, and we are in this position because of the fact that from 1922 to 1930, during different years, we spent as a whole something like \$1,000,000 in a complete survey of the Tennessee River and its tributaries. This survey is the most complete that has been made in any section of our country. It includes the various dam sites and the possibility of such dam sites for electricity throughout this section. It includes a general survey of all of our natural resources, such as minerals and timber. It includes the losses that are occurring on account of the flood situation. It shows what constructive work is necessary to be done to give us navigation of 9 feet of water from Knoxville to the Ohio River. It shows the number of people that live in the different sections, also railroads and public high-

ways. It shows that all these developments along the lines of electricity might be manufactured to the extent of some 4,000,000 horsepower, and the figured growth of our section of the country as to utilization of this power. I say that on account of our having procured appropriations from the Federal Government for many years we are able to lay this picture of the possibilities of our Government before Congress and before the President of the United States and ask for its development. The power at Muscle Shoals, insofar as its complete use, has been lying idle for many years. Only part of the power that is now produced at that great dam has been sold to the Alabama Power Co. at the rate of 2 mills per kilowatt, and every attempt of legislation for many years to put this dam to its full use, and thereby give the people of the South the benefit of cheap fertilizer and cheap power, has met with stubborn opposition which has been fatal to our legislation up to this time.

I have always advocated before the committee, or before this House, or wherever I might be, the building of Cove Creek Dam, because I felt that it was the key to the development of the great natural resources of the Tennessee Valley. I am delighted that this bill provides for the building of Cove Creek Dam and that it will be commenced at once. It is important, first, on account of navigation; secondly, on account of the increase of the horsepower and making many dams available and the decrease in the cost of horsepower; and, third, flood control; and I might add further, in the language of the Chief Executive, fourth, reclamation; and, fifth, reforestation. I shall discuss briefly these first three propositions.

The people of my section are greatly interested in the navigation of the Tennessee River. The proposed Cove Creek Dam is situated some 350 miles above Muscle Shoals in east Tennessee, some 150 miles above Chattanooga on the Clinch River. The building of Cove Creek Dam will amount to a storage of something like 3,000,000 acre-feet of water. The building of this reservoir alone will increase in navigation at various sections of the main stream 150 percent of its natural flow during low water. From Clinch River to Chattanooga the increase will be 1.5 feet; from Chattanooga to Hales Bar, 6 feet, as it now is; Hales Bar to Widows Bar, 1.6 feet; from Widows Bar to Gunter'sville, over 2 feet; and this increase is carried on down from Rivington to Paducah of 2 feet. This may seem a small amount, but considered in connection with the dams that will have to be built under the navigation project, to make the stream 9 feet of water, it is an immense saving in cost and makes our possibilities of navigation more certain. I might add right here that General Brown, Chief Engineer of the War Department, has already recommended the navigation of the Tennessee River to 9 feet of water from Knoxville to the Ohio River, and the estimated cost at \$75,000,000. This provision has been endorsed by Congress, and with the dams that have been built and that are being built, we hope some day to see the project completed. So from this you can see the great benefit to be derived to navigation from the building of this dam. The engineer's report shows that the increase in horsepower of all dams below Cove Creek would be from 100 to 110 percent; and if I remember correctly, the Government will get the benefit of horsepower at Muscle Shoals of 124 percent, which will not only increase the horsepower of these various dams but will decrease the cost of horsepower which will make the dam more inviting and shall give the public the benefit of cheaper electricity, which would mean the rapid growth and the development of our section of the country. As an illustration of the decrease in the cost of horsepower, let me cite the figures of the Government engineer for two places below Cove Creek Dam to construction cost per horsepower without benefit of storage at Cove Creek: At Whites Creek, \$1,464; with storage, \$366; dam site of Chickamauga, just 4 miles above Chattanooga, Tenn., construction without storage, Chickamauga, \$777; with storage, \$262. This not only increases the horsepower and decreases the cost of the horsepower but makes other dam sites available along this river. Anyone who makes any study of this whatsoever can

see the importance of Cove Creek Dam construction, and the Government will hereafter reap great revenue from the increase of horsepower on the various dam sites along this river and from the decrease in the cost of the same. Heretofore the Tennessee River project, from Muscle Shoals to Cove Creek, has been considered as one project, and the report of our numerous dam sites and the development of power to be had was based on the construction of Cove Creek Dam, and I might add that \$180,000 has been spent on the survey and borings at Cove Creek.

I am glad that this bill considers all these projects from Muscle Shoals to Cove Creek as one project and one great development to be made by the Government. No private interest could or would make this great development, and these great natural resources should always be held and controlled by the Government of this country for the best interest of its people.

The third proposition in connection with the importance of building Cove Creek Dam is flood control, which affects all of the Tennessee Basin below Cove Creek and even into the Mississippi River. It is estimated that the damages caused by the December 1926 flood along this river was approximately \$2,650,000, and engineers further state that the total damages caused by 500-year floods on main streams and navigable tributaries are approximately \$14,350,000, but that the average annual damage from all floods is \$1,780,000. This does not include indirect damages such as loss due to interrupted travel and business, insanitary conditions, and spread of disease due to overflow of towns, depreciation of land due to overflow which is difficult to assess. The estimated damages to Chattanooga, my home city, in 1926, were \$600,000, so much so that the city of Chattanooga has figured on levees for its protection, which would mean an expenditure of millions of dollars. The engineer's report shows that the building of Cove Creek Dam will decrease the high-water mark in my city 15 percent. In other words, if a flood should reach the height of 40 feet under present conditions, with this dam built it would only reach the height of 34 feet, and it is this extra 6 feet that usually does the damage to our city. If the two dams above Chattanooga, on the Tennessee River, were built with 10 feet surcharge, there would be no floods in our city. I cite this to show the specific instance wherein this Cove Creek Dam would be of great benefit and save millions of dollars. I think you can see from this brief statement the great and vital interest that the people in our section have in securing the building of Cove Creek Dam for navigation purposes, for the development of our power dams, and for flood control. Consequently, I am happy over the fact that this bill provides for the building of Cove Creek Dam and for the immediate beginning of the construction of the same. It will mean much also in its construction at this time to the relief of thousands of those people who are unemployed.

This bill also provides for the building of transmission lines from Cove Creek to Muscle Shoals in case proper arrangements cannot be made with the power companies for the transmission of the power or if it does become necessary for them to condemn power lines.

I am very much surprised at the many letters I have received from my section wherein stockholders of the Tennessee Power Co. are very much disturbed over the building of these power lines, or the leasing of these power lines, with the fear that it will work detriment to their holdings. If the power companies of our section will cooperate with the Federal Government in the development of these great projects as they should, I predict that private property will not in any wise be injured, but their holdings will be improved; that thousands of people will come into our section on account of this great development; that new industries and new factories will spread throughout the Tennessee Valley, which will more than use the developments not only made by the Government but by the power companies themselves.

We are wonderfully blessed with our natural resources and with the great people who are interested in the development of our section of the country, and I am glad to say and to know that we have in the White House at this time

a great President, who looks at matters of this character from a national viewpoint and who has approved of the development, the growth, and protection of the natural resources of the great Tennessee Valley, and it is the duty of the people of this great section to render him every cooperation within their power toward carrying out this program and reaping the benefits of this great development. The people of the South should be duly grateful, and, as the representative of the people from my section, I know that they are appreciative. I know that they are ready and anxious to render every aid in carrying out this great program, feeling that it will mean more to our section than any legislation that has ever occurred in the history of this Government. [Applause.]

EXTENSION OF REMARKS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a letter I received from the Secretary of State regarding the recent press censorship bill.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. I reserve the right to object. Is the gentleman going to get any more letters?

Mr. BLACK. Oh, the gentleman expects to get many more letters and to make many more inquiries.

Mr. GOSS. I mean from other departments.

Mr. BLACK. Only time can tell about that.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BLACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to me by the Honorable Cordell Hull, Secretary of State, relative to censorship of the press:

DEPARTMENT OF STATE,
OFFICE OF THE SECRETARY,
Washington, April 21, 1933.

Hon. LORING M. BLACK, Jr.,
House of Representatives, Washington.

MY DEAR SIR: Answering your letter of the 12th instant, requesting information as to the genesis of H.R. 4220 to the extent that any person in the State Department was connected therewith, I would say in reply: When I assumed my present official position at the State Department, I soon learned that certain individual acts of interference with secret governmental code information in process of transmission between this and other countries, or like information in process of transmission between a government and its diplomatic mission in the United States, and the threat to make the results public imperatively called for immediate action making such publication unlawful.

I thereupon telephoned a ranking member of the appropriate committee of the House of Representatives, calling attention to this state of facts and suggesting appropriate legislation to make unauthorized publication of the particular kind of code information just described unlawful. I think I suggested to one of the attorneys in the State Department that he might well have a similar telephone conversation with a member or members of the appropriate committee of the House of Representatives, which he later informed me he had immediately proceeded to do. Some days later I was informed that a number of officials in two or three branches of the public service collaborated in the preparation of the measure against which you complain, and also that certain of its provisions were being objected to upon the ground that they infringed upon the freedom of the press.

Such effects as to the press, of course, were not remotely contemplated by myself in telephoning, nor, I am sure, were they contemplated by those responsible for the final draft of the bill in question. At any rate, I at once urged that any provisions that could possibly be construed as to the least extent affecting the freedom of the press be stricken out of the bill. There is not the slightest relationship between the protection of code information as aforesaid and the utmost freedom of the press. And, besides, my individual view is that the American public should suffer incalculable injuries in other respects before the freedom of the press should be injuriously affected to any material extent whatever. I think I have a consistent public record of 40 years in support of this doctrine.

If it is desired to ascertain in detail the genesis of the measure referred to, it would, of course, be necessary to confer with the different persons in the various branches of the Government who participated to a more or less extent in its drafting. There should be no difficulty about locating each of such persons and securing a statement based upon first-hand knowledge.

Very truly,

CORDELL HULL.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

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Mr. SNYDER. Mr. Speaker, I am for this bill because I see in it much relief for the farmer, the laborer, and the little business man. I am somewhat startled here today in listening to the remarks of those on the opposite side of the aisle relative to the Government's spending \$150,000,000 on the Muscle Shoals project. I do not see why they should get so excited. I did not hear of any excitement or read about any in the newspapers along about 1924, when that side of the House made it possible to give back some \$4,000,000,000 in refunds and rebates to certain individuals and interests. I did not hear of any excitement on that side of the House when the Ship of State, through the Reconstruction Finance Corporation, dropped off something like \$80,000,000 or \$90,000,000 in front of Mr. Dawes' bank in Chicago.

Up in Pennsylvania we saw the big interests come in, some 60 years ago, and cut down our forests and leave our hills barren. Some 40 or 50 years ago we saw similar interests enter our State and bore holes in the ground, taking away our coal and oil and gas, leaving the State almost bankrupt. Now we find the same type of organization taking over our utilities such as water and power facilities.

I am not opposed to corporations or big interests as such. They are necessary in our industrial activities. However, since the set-up necessary to run corporations and big business must always be made up of men—just human beings—it is necessary to have such organizations operate within certain specific limitations.

It seems to me that the banking interests and other big industrial interests are assuming unsolicited recognition when they come in here at this time to give us advice on the Muscle Shoals proposition. Most of them proved beyond a shadow of a doubt that they themselves cannot run efficiently and effectively the institutions that they set up. In other words, from 1920 to 1930 the banking interests and other big interests of the country had at their command all the money, all the equipment, and all the facilities in the Nation necessary to build a social and economic fabric that would function for generations to come. But what happened? Most of them failed! They failed to manage their own business successfully, and as a result their institutions went to wreck and ruin.

Now, ladies and gentlemen, when the people are asking the Congress of the United States to take over Muscle Shoals under the provisions of this bill and operate it in the interests of the farmer, the laborer, and the little business man, they step in and say, "Hold, Macduff!"

As I said a moment ago, I am in sympathy with big interests—especially the railroads—but until they themselves can govern themselves and operate for the common good of all humanity, I question their right to interfere with such humanitarian legislation as this bill proposes.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. JAMES. Mr. Speaker, I yield 8 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. GOSS. Mr. Speaker, before the gentleman from New Jersey begins, will he yield to me?

Mr. EATON. Yes.

Mr. GOSS. Apropos of the previous speaker's remarks, the gentleman must remember when the Government sold the Old Hickory plant at Nashville, Tenn., which cost \$90,000,000, for three and a half million dollars. I rose to tell the House that today the pay roll of that plant amounts to three and a half millions per year and that they employ 3,500 people and pay taxes of about \$75,000 a year. That is the way we disposed of that plant, and this might be disposed of in the same way to equal advantage.

Mr. EATON. Mr. Speaker, there is one ray of hope in this situation, and that is that in the dispute to which we have just listened as to which bill the President is for we may not have to vote for the Norris bill. If we have to swallow this legislation at all, I am strong for the McSwain-Hill bill as against the other, because I have never seen a Muscle Shoals bill bearing that other name which was not like the human heart, "deceitful above all things and desperately wicked."

My objections to this bill have been presented before. We have thrashed this out and got all the facts ad nauseam. We are tired. It would take a thousand volts to awaken much interest here today. There is nobody here and nobody seems to care; but I want the record straight as far as I am concerned, and as far as the party to which I belong is concerned.

In the first place, this bill is sectional legislation. The Muscle Shoals project was not built with money from those five States nor from the Tennessee Valley alone. It was built with money from New Jersey, California, Minnesota, and every State in the Union. It belongs to us all. Now, it is proposed to tax all of us in the interests of this immediate neighborhood and for the advantage of those immediate people.

The sting of this bill is in its tail, and I should like to unfold that tail to you in just a word:

Sec. 28. The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control.

That is according to the Constitution.

(2) The maximum development of said Tennessee River and its tributaries for navigation purposes.

That is good under the Constitution.

(3) The maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin; and (7) the economic and social well-being of the people living in said river basin and all adjacent territory.

Sec. 29. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

This grandiose program will involve at least a billion dollars of the taxpayers' money, used for the profit of a small section of our country, and constitutes sectional and class legislation of the most harmful character.

I congratulate the gentlemen who come from that district over their success, not from the point of view of the Nation, but from the point of view of their electorate. When you go home, your electors will say to you, "Blessed art thou, thou good and faithful servant; thou hast brought home the bacon. Enter thou into a second term, and during your second term we hope you will be able to bring home a little gravy to go along with the bacon."

Mr. McFARLANE. Will the gentleman yield?

Mr. EATON. I cannot stop now, because I want to get this thing before you.

Mr. McFARLANE. I just wanted to ask the gentleman if he was in the employ of the General Electric Co. as one of their welfare workers?

Mr. EATON. Oh, I resent that contemptible kind of attempt to hold a man up here and pry into his personal business. Nobody would do it unless he were saturated with that miserable, abominable personal-attack stuff which has been the Democratic policy and practice for the past 3 years, and especially during the recent campaign.

Mr. ZIONCHECK. Will the gentleman answer the question of Mr. McFARLANE?

Mr. EATON. Why, yes. What size shoe does the gentleman wear?

Mr. ZIONCHECK. No. 9, and I am proud of it. It is a plain answer. I do not try to evade any question. What size do you wear?

Mr. EATON. No. 10, and I am proud of it. If the gentleman's head was as big as his feet he would amount to something.

Now, that the gentleman seems to think there is something wrong with my morals and my personal relationships, it may lift the discussion into a purer air if I present a statement from Mr. William Randolph Hearst. He is the king maker of the Democratic Party. He very nearly made our distinguished and honored Speaker President of the United States, and would have done so if he had not found another

man he thought was better. Mr. Hearst has an article in his Washington paper this morning entitled "A Supine Congress." This is what he thinks about you Democrats that he has helped to put here. Mr. Hearst says:

TO THE EDITOR OF THE WASHINGTON HERALD:

I think we should have a series of editorials insisting that Congress resign and allow the people to elect a Congress which has the capacity and the disposition to perform its functions under the Constitution.

The people admire Mr. Roosevelt very much, but they admire him as a President, not as a dictator.

Congress is going contrary to the registered vote of the people, and contrary to the spirit of the Constitution, and contrary to the purposes of the founders of this republican form of Government when it shirks its own duties, abandons its functions, and turns its powers over to the President.

Mr. Roosevelt is a good President, and he might not abuse these powers; but the wisdom of the founders contemplated the possibility of a bad President, who would misuse powers which were too largely entrusted to him.

They created a Government of three coequal branches: The executive branch, the legislative branch, and the judicial branch.

They defined the powers of each, and they took pains to see that one branch should not encroach upon the powers of another.

There is nothing in the character of the present Congress to lead anyone to suppose that they have more wisdom than the founders of this Government.

In fact, the abandonment of the powers of Congress, who are the most direct representatives of the people, is not based on any worthy motive.

It is due in the main to cowardice as well as incompetence. If there is anything to be done which obviously ought to be done in the interests of the whole country, but which nevertheless might jeopardize the seat of some Congressman, these Congressmen can almost certainly be found regarding the situation from the point of view of their own interests and not from the point of view of the Nation's interests.

Consequently these Congressmen decline to do the rightful thing, and prefer instead to turn the powers of Congress over to the President, with the purpose of letting him do it and take the consequences.

A Congress of such cowardly and incompetent character is unworthy to represent the people of the United States.

It is willing, in order to save itself some onerous obligations, to try to make a dictator out of the Executive, to upset the balance of the coequal branches of government which the fathers of the Republic provided for in the Constitution of the Nation, and to establish evil precedents which may return to plague us, and possibly to destroy the democratic character of our Government, if at some future time a less worthy and less unselfish Executive should occupy the Presidential chair.

We have, in fact, the singular spectacle and the disturbing situation of a Democratic Congress which does not believe in democracy, and which furthermore does not apparently believe in the fundamental principles of republican government on which this Nation is founded.

It is idle to hope that this Congress will resign; but an amendment to the Constitution should be offered which would enable the voters to recall Congressmen who are incapable of performing properly and constitutionally the duties of their office.

WILLIAM RANDOLPH HEARST.

That is no partisan Republican talk. That is the sincere milk of the word of public opinion, delivered in person for consideration of the American people by the unmitigated and spotlessly pure guide and governor of the Democratic Party, William Randolph Hearst.

Mr. BECK. Will the gentleman yield?

Mr. EATON. I yield.

Mr. BECK. I want to say, although I hold no brief for the Democratic side, it is well known that long before Mr. Hearst wrote this, every Democratic Member at night is haunted by the ghost of Thomas Jefferson.

Mr. EATON. Well, I did not know what haunted them. I am glad it is so respectable a ghost.

While I am on this painful subject, I might as well complete the picture by adding a statement from a brilliant and penetrating critic, Mr. Arthur Krock, which appeared yesterday in that greatest of all Democratic organs, the New York Times. Mr. Krock says:

A poetic statistician has estimated that, after 49½ days in office, Franklin D. Roosevelt possesses, is seeking, and has been offered more absolute power than the sum of arbitrary authority exercised at various times in history by Generals Washington, Lee, Grant, and Sherman, Presidents Jackson, Lincoln, and Wilson and all the Emperors of the Ming dynasty. What power has been and will be granted is all technically within the framework of the Constitution. If that document has not been put on the shelf, as Alfred E. Smith recommended, it has been republished on Indian rubber to meet these unusual tests of its flexibility.

These two statements from such widely divergent sources within the Democratic ranks take on a new significance when considered in connection with the principles embodied in this Muscle Shoals bill. I have full sympathy for the devoted group of gentlemen representing the regions in and about the Tennessee Valley in their long-sustained effort to secure from the Federal Government what they believe will be of advantage to the people they represent in their home communities; but the American people as a whole are entitled to have this question lifted up out of its local relationships and considered as a symbol of a great fundamental national policy adopted by the Democratic Party now in control of our Government.

The end of the civilizing process is the freedom of man. The long struggle of the masses of men to achieve liberty has now reached its climax in what we call an economic age. It is no longer an idle dream to hope that the blighting curse of economic poverty can be lifted from the masses of men. Science has placed the scepter of dominion in the hands of man over the forces and resources of nature so that every normal human need of a material kind can easily be supplied for every human being, provided we can discover a workable method for achieving this result.

In this new age I have believed for years that organized industry is the chief instrument of modern civilization. By organized industry I mean all the activities of man in connection with the production and distribution of wealth, either as commodities or services. I have for many years been working in the great industries of this country, representing the employees. My objective has been to make American industry a real clinic in civilization. To this end I have worked to raise the wages of labor, to reduce the hours of toil, to improve working conditions, to create conditions in which the masses of workers can secure not only an American standard of living but a surplus enabling them to become part owners in American industry. In other words, my objective has been to cure the recognized evils of the capitalistic system by making more capitalists.

Up to the beginning of this depression this program was making tremendous strides in America. Now, all has been swept into the abyss of unemployment, bankruptcy, and economic and social uncertainty.

But notwithstanding the enormous difficulties apparently still beyond the power of man to solve, I am firm in the faith that the American idea of making its privately owned and operated industries the chief organ of civilization is the best idea yet conceived by man for this purpose. For this reason I am compelled to oppose in every way within my power every attempt to substitute for this American principle the Russian idea of making the Government everything and the individual nothing. Because this Muscle Shoals proposal is to this extent un-American and Russian, I shall vote against it.

A few moments ago a gentleman asked me if I was a representative of the employees of the General Electric Co. The inference implied in his question was that there was something reprehensible in holding such an office. I am proud to say that for many years I have represented the employees of the General Electric Co. and of other industrial organizations. And I am happy further to state that the General Electric Co., beyond any other institution within my knowledge, has put into practice the principles I have just outlined. In spite of the terrible conditions of unemployment affecting every industry in the land the employees of the General Electric Co. at this moment own nearly 40 millions of 8-percent bonds which they have purchased out of the savings from their daily wage. The employees of the General Electric Co. are carrying \$149,000,000 of insurance paid for partly out of the earnings of the company and the savings of the wage earners. During the past 9 years, under the company's policy, employees of the General Electric Co. have acquired 2,723 homes, representing a present value of over \$20,000,000. During 1932 company pensions and life-retirement payments of \$2,237,000 were made to retired employees, and they now hold in their pension trust assets of over \$21,000,000. And this, gentlemen, is the kind of thing

that legislation like the present Muscle Shoals bill proposes to put out of business and substitute therefor a government bureaucracy controlled by the lifeless letter of an act of Congress.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Washington [Mr. ZIONCHECK] 2 minutes.

Mr. ZIONCHECK. Mr. Speaker, I had no intention of speaking upon this question, but after hearing the opponents of the bill deliberately filling the RECORD with the private power companies' propaganda I felt impelled to state a few undisputed facts that our publicly owned and operated utility of the Northwest has proven beyond a question of a doubt. Before going into those figures I want to quote from yesterday's New York Times, page 12, entitled "Utilities to Resist Political Critics", wherein they carefully set forth that they had nothing whatsoever to do with the collapse of the Insull empire and the small bankruptcies, stating that—

Due to the importance and prestige of the Insulls it was not possible to organize rigid opposition to such practices until last year.

Inferentially propagandizing the public into the belief that every privately owned utility company is as sweet, fragrant, and pure as the lily from yon valley, except for the little speckle created by the Insull affair. The article goes on to say—

In substance, the utility leaders are not alarmed over any prospects facing them from the standpoint of earnings, rates, regulation, or any other factor, excepting Government competition.

This last statement is a very significant one, for by it they recognize that regulation is of little effect inasmuch as they can regulate the regulators. Let me give you a concrete example of why they really fear publicly owned competition:

In the city of Seattle we have one of the greatest publicly owned light and power plants in the United States. Before the city plant was started in 1902 consumers were paying 20 cents per kilowatt-hour for current. When it became evident that the city was actually going to build a municipal plant the private company reduced its rates to 12 cents per kilowatt-hour. In 1905 the city of Seattle began taking contracts under rates for residence service as follows: 8½ cents for the first 20 kilowatt-hours; 7½ cents for the second 20 kilowatt-hours; 6½ cents for the third 20 kilowatt-hours; 4½ cents for all over 60 kilowatt-hours per month.

Some weeks later the private power company reduced its rates to 10 cents for the first 20 kilowatt-hours, 9 cents for the second 20 kilowatt-hours, 8 cents for the third 20 kilowatt-hours, and 5 cents for all over 60 kilowatt-hours per month.

On July 1, 1911, our municipal plant reduced its rates to 7 cents for the first 60 kilowatt-hours and 4 cents for all over 60 kilowatt-hours, and this reduction was met by the private power company in November of the same year.

On July 1, 1912, the city again reduced the rate to 6 cents for the first 60 kilowatt-hours and 4 cents for all over 60 kilowatt-hours, and reduced the minimum monthly bill, which had been \$1, to 50 cents. The private power company met this reduction 1 month later.

On April 1, 1915, the city established the rate of 5½ cents for the first 45 kilowatt-hours and 2 cents for all over 45 kilowatt-hours, which rate the private power company met soon thereafter.

Effective since June 1, 1923, the present residence rates are 5½ cents for the first 40 kilowatt-hours, 2 cents for the next 200 kilowatt-hours, and 1 cent for all over 240 kilowatt-hours, and in conformity with the wishes of the people of the city of Seattle our municipal plant gave very marked reductions to industrial plants building their factories in our city, which was subsequently met by the private power company. Today the average domestic rate for the Seattle municipal plant is 2.83 cents per kilowatt-hour, which is 48.21 percent of the Nation's average of the domestic current used in the United States, which is 5.87 cents per kilowatt used in 1930 according to the Electrical World (Jan. 3, 1932). If the domestic electric light and power consumers of the city of Seattle paid the average domestic rate effective

tive throughout the Nation for the power which they use, they would pay \$10,525,000 more than they now pay. It is indisputable that this amount is an absolute saving to the Seattle citizens on account of their City Light plant of a sum equal to their total city taxes. To preclude any question about the good faith of the private power company, allow me to state that the light and power rates outside of the city limits of the city of Seattle are 50 percent higher than the rates within the city limits, and this for the reason that City Light has been precluded until recently from selling beyond its municipal boundaries.

In the city of Tacoma, which is located 30 miles from the city of Seattle, they own their own light and power utilities and have no private power company within the city with which to compete, thus avoiding duplications of distributing systems and other incidentals. Because of this publicly owned monopoly Tacoma is able to sell its electricity to its consumers for approximately $33\frac{1}{3}$ percent less than that of Seattle. Here are the city of Tacoma's residence rates for lighting, cooking, and heating: $4\frac{1}{2}$ cents for the first 20 kilowatt-hours, 1 cent for the next 800 kilowatt-hours, one half of 1 cent for all over 820 kilowatt-hours.

I think that the foregoing figures speak for themselves and do not require any further comment.

It has been stated that the private power companies in Alabama and in the vicinity of Muscle Shoals have a vast surplus of power which they are unable to dispose of. The answer to this is that their rates are so high that the people are unable to buy the power which they produce. Reliable figures show that the average domestic consumer in that territory uses on an average of 50 kilowatt-hours per month, whereas in the city of Seattle the average is 116 kilowatt-hours per month, and in the city of Tacoma, with its lower rate, the average consumer uses 122 kilowatt-hours per month. I only bring these figures in to show the fallacy of the arguments against this measure.

It is rather amusing to hear the onslaught of the opposition on the so-called "socialistic brain trust" of President Roosevelt, who sponsored this plan, for one is immediately impelled to ask who constituted the "brain trust" of the Hoover administration that created the Reconstruction Finance Corporation. Yesterday's Washington Herald carried a small article about a poor man in Brooklyn, N.Y., who requested a loan from the Reconstruction Finance Corporation in the sum of \$100—

So that he and his truck could go to work again. He agreed to repay the Reconstruction Finance Corporation in monthly installments, which made his offer self-liquidating, and he pointed out that the \$100 loan would put at least one man—himself—to work, thereby relieving the unemployment situation. And it would give an impetus to trade and commerce, for he would have to buy gasoline and supplies. But the request was much too unusual, and therefore will be ignored.

The reason that this was unusual was because all the loans made by this corporation heretofore have been made to banks, railroads, and insurance companies, which loans were made without a tremor. It is my humble belief that if the policy of this corporation would honor such \$100 requests and ignore the million-dollar requests all would be better today—at least, it could not be as bad as it is now. For the sake of argument, assume that these \$100 loans were made to workingmen, the \$3,000,000,000 fund at this institution's disposal could have created employment for 30,000,000 people, and if the loans were made in the sum of \$300 to each person they would have created employment for at least 10,000,000 people. Let us see what has actually happened. At the time the Reconstruction Finance Corporation was launched there were approximately 9,000,000 people out of employment.

They have now made loans in the sum of approximately \$2,000,000,000 "to create employment" and today we have 14,000,000 unemployed. This is a perfect example of the manner in which the capitalistic communism of the Hoover regime works. Why even Russia would not stand for such a thing, and yet the opponents of the Muscle Shoals bill almost to a man voted for that measure.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. I shall be glad to.

Mr. McGUGIN. I did not vote for the Reconstruction Finance Corporation. Is Mr. Roosevelt using it?

Mr. ZIONCHECK. Then the gentleman must have been absent when the measure came up, because he usually votes for every reactionary measure.

Mr. McGUGIN. Is Mr. Roosevelt still operating the Reconstruction Finance Corporation? Is he still taking advantage of that loan?

Mr. ZIONCHECK. We will try to fix that very soon. Anyone will recognize that you cannot make an abrupt change and it is always easier to keep a horse from falling into a well than pulling him out after he has fallen in.

I am not in full accord with the provisions of the bill before the House, and were it not for the very strict gag rule under which it was introduced I would offer amendments to this measure which would conform more closely to Senator NORRIS' plan for Muscle Shoals, but in view of the parliamentary situation I shall vote for the measure in the hopes of expediting matters and getting it over to the Senate where I hope it will be made a more perfect bill. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Michigan [Mr. WEIDEMAN] such time as he desires.

Mr. WEIDEMAN. Mr. Speaker, we have heard this bill opposed and attacked on the ground of sectionalism. I am from a district which cannot be helped at all by this bill. I am also interested in removing the tentacles of the Power Trust from the natural resources of the country; and knowing this to be a step in that direction, I shall vote for it.

For over 100 years there has been a movement to secure the natural resources of Muscle Shoals for the benefit of the Nation. I firmly believe that all natural resources of this country should be protected and developed for the people at large and kept under their immediate control. The Power Trust of this country has too long held the great mass of the people in subjugation.

I am not so interested in what becomes of the Alabama Power Co. or any other power company, but I am interested in preserving for the Government those resources that naturally belong to it. We have been under the control and domination of the Power Trust, which, in turn, is controlled by the international bankers, for too long a time. Now is the time to remove those shackles of control from our Government so that the people will benefit from the operation of Muscle Shoals and other natural resources, rather than a few coupon clippers of Wall Street.

I want to compliment at this time the valiant fight made by the gray-haired Senator from Nebraska [Mr. NORRIS] and the gentleman from Alabama [Mr. ALMON], who have been unrelenting in their determination to secure the passage of this bill.

In addition to the war-time value of this project, providing for the manufacture of nitrogen, another great benefit will be production of fertilizer at a cheap rate to be used by the farmers throughout the country.

In 1928 a bill concerning Muscle Shoals was passed by Congress and it received a pocket veto at the White House. In 1930 a similar bill received the veto of President Hoover, and it is with extreme gratitude that I am sure our Democratic Congress and Democratic President will now give to the country the control of part of its natural resources they have so long fought for.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Washington [Mr. KNUTE HILL] 2 minutes.

Mr. KNUTE HILL. Mr. Speaker, they say that Muscle Shoals is a dream. What a magnificent dream it is! Thank God for dreamers! Had we not had dreamers we would have had neither music nor art, invention or discovery, development nor progress, no civilization at all.

The dreamer Columbus made possible the New World. The dreamers, the Wright brothers, made possible the conquest of the air.

At the beginning of the last century there sat in the White House a dreamer, Thomas Jefferson. He was also a prac-

tical statesman. He had a dream about the Louisiana Territory. He purchased it, and we have carved out of this territory the splendid States between the Mississippi Valley and the Rocky Mountains, a domain worth thousands of times more than the purchase price. He had another dream and saw the possibilities of the Oregon country. He sent Lewis and Clark to explore this region, and as a result we own the great Northwest, from which I have the honor to come. Even so great a statesman as Webster was blind to the possibilities of this region, designating it as the "American desert" and declaring that representation in the Congress from across the mountains would be an impossibility.

In 1867 another dreamer, Secretary of State William H. Seward, purchased Alaska. He was ridiculed far and wide, and this region was called "Seward's ice box." It has already paid for itself tenfold. You Members of Congress do not know what is stored in this "ice box" in the shape of coal and other minerals, valuable timber and fisheries, agricultural lands and limitless power resources. Some day the empire of Alaska will be understood and its wonderful possibilities become a reality.

We have another dreamer and practical statesman in the White House today, Franklin D. Roosevelt. He has a dream contemplating the development of the stupendous water-power resources of our country for the benefit of all of its citizens. We are living in the electrical age and its blessings should be distributed equitably among all of the people, as they are all common inheritors of this great resource provided us by a bountiful nature.

His plan is fourfold. He is going to complete the Muscle Shoals project to serve the great Southeast. Then on to Boulder Dam to serve the great Southwest and parenthetically I want to emphasize that it is Boulder Dam. I refuse to attach to this great project the name of one who has fought Government ownership and operation for a decade or more. Thirdly, the Government will develop the St. Lawrence-Great Lakes waterway to serve the great Northeast. Lastly, will come the the great Columbia River in which, according to reclamation and Army engineers, reposes the greatest potential water power of all of the great valleys of the United States. I am proud that I come from that valley, and I am proud that I come from a State which contains one sixth of the potential water power of the whole United States within its borders.

We are vitally interested in the President's plan of developing all this water power, also for the purpose of flood control, irrigation, and navigation.

The statement has been made here that there is an overproduction. This has not been the case nor is it the case today. It is a matter of underconsumption. There will never be too much food until all the starving are fed. There will never be too much wool and cotton until all are comfortably clothed. There will never be too much fertilizers until all the worn-out farms are restored to normal fertility. There will never be too much power until every cottage in every hamlet and on every hillside has electric power and electric lights. The trouble has been and is that the purchasing power of the farmers and laborers has been destroyed. Restore this as the President proposes to do and bring down the prices of fertilizers and power to a cost-plus basis and all the proposed power and fertilizers will be consumed.

We know full well the sinister activities of the Power Trust in our State. They are on a par with Insull of Illinois. They spread propaganda against public ownership in our schools from the grammar grades up. They bribed college professors at \$25,000 per year—in addition to their salaries—to spread their poison in universities all over the country. They subsidized the public press, especially the country newspapers, throughout the United States to carry their syndicated articles. This has been exposed by the Federal Trade Commission. Another trick of the industry has been to have their valuation for rate-making purposes about 10 times the valuation for taxing purposes.

The great purpose of this Muscle Shoals development is to establish a yardstick for the cost of production which will

serve throughout the United States. Of course, it will be competition, and that is what we need. In Seattle and Tacoma municipal ownership has brought the prices down from 20 cents per kilowatt, when municipal ownership started, to about 2 cents per kilowatt. The private companies can sell at that price in those cities and still make a profit. But over in the Yakima Valley, where they have no competition, they have charged us from 8 cents to 12 cents per kilowatt. They have reduced their prices now, because the people enacted by initiative a power bill permitting the organization of power districts throughout the State, and the legislature enacted a law permitting Seattle and Tacoma to sell outside of the city limits. J. D. Ross, of Seattle, told me a week ago that Seattle could and would consider the proposition to sell in the Yakima Valley. Regulation has never brought down rates. Competition will. You are all familiar with the rates in Ontario, Canada, and those in New York across the Niagara. Power is developed from the same river. In Ontario, under public ownership, it costs about 2 cents per kilowatt, and in New York, under private ownership, it costs about 7 cents per kilowatt. Naturally the residents of Ontario use many times more electricity than those in New York. The voters of the State of Washington knew Governor Roosevelt's record on power in the State of New York. They knew his stand on the question from his speech at Portland. This explains the tremendous vote he received in that State last November. We rejoice that we have a dreamer and a practical statesman again at the other end of Pennsylvania Avenue who not only knows what the people want but has the courage to make his dreams come true.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. LEE.]

Mr. LEE of Missouri. Mr. Speaker, I was considerably amazed at the remarks of the gentleman from New Jersey [Mr. EATON]. I do not know why he would not answer the question of the gentleman who asked him whether he was in the employ of the Power Trust. I do know, however, that the Power Trust has employed every crook in this country, including ministers of the gospel; and, besides, I know they have gone into the colleges and public schools of our country and put their own poison propaganda in them, had our own textbooks taken out, textbooks which gave both sides of the subject and let the student draw his own conclusions. [Applause.]

Now, to the gentleman from New Jersey [Mr. EATON], who talks about sectionalism, may I say, you Yankees over in New Jersey and Massachusetts have post-office buildings worth \$200,000. Down South we have cities with five times the population of your cities renting little buildings for \$10 a month for post-office purposes. For 12 years the South has suffered from your party's having everything its own way. You have drained out everything we had. But today your numbers are few and you will be mighty lucky if you can maintain your numbers in the next election. That is what is going to happen to you. [Applause.]

You come from districts that are solidly Republican, and you think you have to vote for the big interests of this country; but, I thank God, every decent progressive in this country has left you, and even HAROLD MCGUGIN only votes with you occasionally, and one of your own Members told me they would trade him off for a gingersnap [laughter], but I would not give him for the whole darned caboodle of you. Ordinarily, he has more intelligence and more integrity than most of you who sit over there. [Laughter and applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, I am very much interested in this bill. I am very much interested in preserving what little we have left of our various natural resources, and Muscle Shoals is one of them.

We have heard much said here this afternoon about what this bill will do to private industry and especially to the Power Trust. I simply call your attention to this fact. For about 3 years we have been investigating the Power

Trust, and we find that this trust has practically destroyed government in the United States of America. They have bought up our halls of legislation and corrupted our judges throughout the country until they have robbed the people blind. They have taken from us everything.

We have right in my State, in the city of St. Paul, a dam built by the United States Government known as the "Ford Dam." For 49 years Ford has leased this power to the Northern States Power Co. for the small and insignificant sum of 2 mills per kilowatt. The power is being sold to the people of the State of Minnesota in some places as high as 17 cents per kilowatt—and this dam was built by the people's money.

If Congress wants to do something real it should protect our natural resources. We must quit turning over these natural resources to these money grabbers and to the Power Trust to be used forever as a means of extortion of generations yet to come.

We must also wake up to this fact: We have this water, the last of our natural resources—these rivers, God-given, running down hill, ready and willing always to turn out energy and electric power to give the people modern equipment in their homes—and we must protect these resources.

I hope this bill will receive the support not only of the House but of the Senate, so that we can once and for all dispose of this question and take the Power Trust out of the politics of the United States of America and make this a government of and by and for the people with respect to our natural resources. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. POLK] such time as he may desire.

Mr. POLK. Mr. Speaker, this measure providing for the use of the Muscle Shoals properties for flood control and to encourage agricultural, industrial, and economic development in the Tennessee Valley should be speedily passed. Since the cutting down of our forests, one of the greatest menaces to the happiness and prosperity of those who live along our great rivers are the constantly recurring floods. Every year in some part and often in many parts of the United States floods cause tremendous property damage, much suffering, and some loss of life.

Heretofore the efforts of the Government along the lines of flood control have largely been centered on the lower Mississippi River. For years we have poured millions upon millions of dollars into the fund for the purpose of controlling the Mississippi River floods. Most of this money has been spent in endeavoring to confine the bounds of the Mississippi River from St. Louis to the Gulf. It has evidently not been realized by those planning flood-control work that the surest way to prevent a flood in the Mississippi River is to prevent floods in the tributaries of this great river. They have apparently given no thought to the proposition that if floods are prevented in the Ohio, the Tennessee, the Missouri, the Arkansas, and the other large tributaries of the Mississippi River that the flood problem on that river will be solved.

As provided in this measure we are now approaching this problem from the proper angle, namely, that of controlling the rapidity of run-off from the headwaters of the tributary rivers. This method of building dams and reforesting areas which are suitable for reforestation is the most practical and best flood-control method that has been suggested.

I wish to assure my colleagues from the Tennessee Valley that we who live in that other great river valley to the north of you, the Ohio Valley, are much interested in this problem you have under consideration here today. We are faced with the same kind of flood problems as you are. During the past century at rather regular intervals the Ohio River has rushed through its course with floods which have caused great property damage, untold suffering, and much loss of life.

I do not believe anyone who lives away from a region which is menaced by floods can realize just what a flood means. They are unable to realize the feeling of one who helplessly watches the water gradually but swiftly rising at his doorstep with the knowledge that in a few hours it will

be several feet deep in his home. They do not realize the tremendous force of such a torrent of waters which may carry away bridges and undermine roads and building foundations. They do not realize the amount of dirt and refuse which remains after the flood water has receded. Floors may be covered with an inch or more of sediment which must be quickly removed to avoid greater damage. Streets of towns and cities are littered with dirt.

We in the Ohio Valley are vitally interested in this problem. We hope that the next step in flood control will be the building of dams at proper places in the tributaries of the Ohio River, the building of retaining walls along the water fronts of our towns and cities, and the reforestation of marginal lands, thereby slowing down to some extent the rate at which rainfall runs off the land.

Surely there never has been a better time to do this flood-control work than now with millions of unemployed men and building costs at a lower level than usual.

I hope that our friends from the South and West and other parts of the country will join with those of us from the Ohio Valley States in the support of measures looking toward flood control on the Ohio and its tributaries. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it seems strange that one who has been working on this measure as long as I have, and as long as the distinguished gentleman from Michigan [Mr. JAMES] has, should have to explain to anybody under the sun that our views are uninfluenced and unaffected by any power under heaven, such as the Power Trust or the Fertilizer Trust, or any "brain trust" from anywhere.

Of course, it is a source of deep regret to me that my good personal friend, Mr. JAMES, for some reasons that he will doubtless explain, cannot go all the way on this measure, but I will not permit that to prevent me from repeating what I have often said as to this project—it is immaterial where it is located—as a project for national defense, for the development of a great national resource of power, and for the improvement of a great interstate highway for navigation and for the control of the flood waters of the Mississippi and of the Ohio and of the Tennessee Rivers; and this man FRANK JAMES has rendered service that I am proud to testify to, which has preserved to this Nation this Muscle Shoals project through all these years.

Why should a man apologize to anybody under the sun for having honest convictions about how business projects ought to be carried on? Why, I have introduced at this session of Congress two bills on Muscle Shoals. On the 9th of March I introduced the first bill that proposed to call the corporation that should be created the "Tennessee Valley Authority." I set up in that bill my individual views about how this project should be developed.

Then, after we had conferred with the President, I introduced another bill, which was H.R. 4559, identical with the bill introduced by the gentleman from Alabama [Mr. HILL] and the gentleman from Alabama [Mr. ALMON]. These bills represented in principle, along with Senator NORRIS' bill, not identical as to words, the views of the President of the United States.

It is not improper for me to say that when my friend, Mr. NORRIS, and I conferred with the President he said to us, "You gentlemen draw the bills that you think represent our collective views that we have been expressing here"; and it was never understood or contemplated that the bill that would be introduced by myself or Mr. HILL and Mr. ALMON on this end of the Capitol would be identical in every particular respect with the bill to be introduced by Senator NORRIS.

Now some gentlemen come here and say that because this bill, which is the result of the work of 25 patriotic citizens, has not got the label of a certain distinguished gentleman at the other end of the Capitol they regretfully say they cannot support it with a whole heart, but must vote for it under what they describe as a "gag" rule.

This bill as worked out in committee, which received valuable suggestions from some able men who signed the mi-

nority report, is, in my judgment, the best bill ever brought here on Muscle Shoals or the Tennessee Valley.

Why do I say it? Because the whole project in this bill is on a business basis. It says that after the Cove Creek Dam and Dam No. 3 shall have been built—and here let me say parenthetically that everybody admits that the Cove Creek Dam not only ought to be built but it ought to be built by the United States Government in the aid of navigation and flood control. Even the gentlemen who appeared before the committee representing the interests of the power companies themselves said that when there should be a demand for power the Cove Creek Dam ought to be built and ought to be built by the Government, as a great governmental project, because private interests would never be able to build that and because private interests ought not to control it.

And when the 2 dams are built the Cove Creek Dam will double the primary power of every dam on the Tennessee River, and there are 11 or 12 of them. So when the other power projects are to be built, the President of the United States, on the advice of the Engineer Corps, will say how much of the dam is to be allocated to flood control, and how much to navigation, and the remainder represents power. I say that in building these dams and selling the power to be produced by them, would not business men dealing with their own affairs go about it in a businesslike way? I am Scotchman enough to believe that when gentlemen are doing business for the Government they ought to do it in a businesslike way.

Then as to the transmission lines. What is wrong with the provision in this bill that before the Government shall contract for the erection of transmission lines, at a cost of perhaps eight or twelve thousand dollars per mile, it shall say to the power companies owning parallel lines, "Now, Mr. Power Company, it is not the design that this investment shall be duplicated; if you will let us have your power line, for which we are willing to pay rent, or if you will sell us the power line at a fair price, we will take it off your hands." That is all that part of the bill means. Is not that business? Would the United States Government build one canal right alongside of an existing canal, or would it build one railroad alongside of an existing railroad or establish a ship route right alongside of an existing ship route? No. This bill putting the power into the hands of three men, who constitute the board of directors of the authority, is so reasonable that it will appeal to the commonsense of the Congress, and to all the country, and will finally and ultimately justify me in saying now, after some familiarity with this subject for more than 10 years intimately associated with it, that it is the best bill that has ever been presented to Congress on this subject.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. WEARIN. There is no provision in this bill, is there, to bring additional agricultural lands under cultivation?

Mr. McSWAIN. There is no provision in this bill that will authorize the taking of marginal lands out of agricultural use, except by additional legislation. The President could recommend it without the authority contained in section 28 of the bill. The President, by virtual suggestion, is authorized after studying the subject to recommend additional legislation on all those subjects. He can do it without that, but that is merely a provision put in there just like a signboard on the road, which does not say that you have to travel a certain way, but says in effect: "If you want to go to Pittsburgh, you ought to take this road." [Applause.]

I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Speaker, many men who have spoken from the floor of the House on this legislation now before us, have said that if this bill would be enacted into law, it would signify we were becoming socialistic. In other words, everything we undertake to do that is progressive is called, by some, either socialism or communism. What difference does it make whether it is Socialism, Communism, Protestantism, Catholicism, Judaism, Confucianism, Mohammed-

anism, Buddhism, Brahmanism, or any other kind of "ism", as long as the masses will be the ones who will derive the benefit?

Mr. Speaker, I come from a district where there are many utility companies, and may I say, without any hesitation, these companies are not paying taxes in proportion to their valuation. As I stated in a previous address, if the utility companies could be compelled to pay a just tax, as the small business man and home owner is compelled to pay, we would always be able to balance our Budget. In fact, we would have a surplus which could be used to provide adequate pensions for the aged, widows, the blind, and all others who are physically incapacitated. There would be no necessity for such a thing as poorhouses, or unfortunates being compelled to beg on the highways for a livelihood.

The natural resources of the earth were not created for a privileged few. They belong to the people of the earth. Therefore, the people as a class should own them. There are many States and towns in the United States that own, control, and operate electric power and water systems, and it has been proved, under municipal ownership, the citizens of these communities have much lower rates than those who reside in cities and towns where the electric power and water are owned by private corporations.

We do not hear any person criticizing the Government because it has a postal system, or because we have a public-school system; we do not hear criticism because the States and counties own the roads and bridges. Why, then, take exception to the Government's going into the electric-power business? Let us be progressive and a little more humane. In fact, it is my opinion this world could be turned into a paradise if we men who are in power would legislate in behalf of the masses instead of the privileged few.

Mr. JAMES. Mr. Speaker, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Speaker, first I desire to publicly acknowledge the courteous and fair treatment accorded the minority members of the Committee on Military Affairs by its distinguished chairman, the gentleman from South Carolina [Mr. McSWAIN]. [Applause.]

I shall vote against this resolution, and I ask your respectful attention while I detail some of the reasons for arriving at that conclusion. For more than a century and a quarter the people of the Tennessee Valley have sought the development of the power sites of the river and of the natural resources of the valley. Organizations were formed and glittering proposals were made to capital, but capital could not be interested. In 1906 the movement took concrete form in the organization of the Muscle Shoals Hydroelectric Power Co. for the purpose of the development of the power site on the river, known as "Mussel Shoals", though now termed Muscle Shoals; and renewed efforts were made to induce capital to invest, but capital makes no investment except the project present a reasonable chance for profit. That corporation continued its efforts until 1913, when the lobby mentioned by the gentleman from Pennsylvania [Mr. McFADDEN] came into action. The engineers of the War Department were approached, and navigation upon the Tennessee was discussed, and flood control; but nothing was accomplished until 1916, and then only under the urge and stress of the World War. The National Defense Act was passed on the 3d of June of that year.

Nitrogen is an essential ingredient of explosives, and our source of supply theretofore was Germany and Chile. Further supplies from the former were barred by the war, and war-time hazards of ocean transportation rendered importations from the latter impractical.

A process for the fixation of atmospheric nitrogen had been perfected, and it required power. The Government, to secure an independent source of nitrogen, determined to construct such a plant and sought a hydroelectric power site, which of war-time necessity must needs be situate remote from the coast to avoid possible attack by an airplane of an enemy. Neither the power sites on the river nor the natural resources of its valley had warranted their de-

velopment by private capital, but the additional factor of remoteness rendered the Muscle Shoals power site admirable for the purely military purposes of the Government.

The reports of the hydraulic engineers up to that time were to the effect that the Tennessee River is what is termed a very "flashy" stream, because the water flow varied from 7,000 second-feet in certain seasons of the year to 400,000 and 500,000 second-feet in other seasons of the year. It is that fact that makes necessary the building of Cove Creek Dam; principally for storage purposes.

I beg your indulgence while I read section 124 of the National Defense Act. This section is the pole star that should guide us in arriving at a solution of this question. It is national defense that I want to keep before you at all times.

The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites upon any navigable or nonnavigable river or rivers or upon the public lands as in his opinion will be necessary for carrying out the purposes of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

I shall omit the next paragraph and read the succeeding:

The products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe.

That is, that the products of this plant, constructed for national-defense purposes, shall be used in time of war for war purposes, and the products in time of peace shall be "sold and disposed of", using the very words of the act. The products of Muscle Shoals are, first, power, and, second, nitrates; and those are the things that are to be "sold and disposed of." The manufacture of fertilizers was a later consideration, but the National Defense Act provided that those two products should be "sold and disposed of."

Under authority of that act the United States constructed the Wilson Dam and power plant at Muscle Shoals at a cost of \$47,000,000, at a time when a responsible contracting firm offered to construct it for a price of \$25,000,000. The greatest argument against the Government in business at Muscle Shoals is the experience already had there.

It not only built the Wilson Dam at an expense of \$47,000,000 but because this was a very "flashy" river, it had to build a steam plant in order to supplement the hydro power at low-water time. Twelve million dollars were spent in the construction of the steam plant. The Government then constructed nitrate plant no. 1 at a cost of \$13,000,000. It sought to make nitrogen by the Haber process, which we thought we had in some way taken from Germany, but one step was missing, and that plant was a failure and its entire cost a loss.

We next constructed nitrate plant no. 2 at an expense of \$55,000,000. Now, I come to a very controversial point, namely, whether nitrate plant no. 2 is obsolete and antiquated, as claimed by some, or is an up-to-date nitrate-producing plant. The bill itself bears evidence that it is obsolete, because it speaks of modernizing the plant. In another place it admits its obsolescence when it states that in the manufacture of fertilizer the capital investment or the charge against capital as regards nitrate plant no. 2, shall be not \$55,000,000 nor the half of it nor the quarter of it, but shall be considered to be not to exceed \$6,000,000. It may be any insignificant sum if it is desired to reduce the

cost of fertilizer in order to shorten the mythical "yardstick."

Mr. McSWAIN. Will the gentleman yield for a question?

Mr. COCHRAN of Pennsylvania. I yield to the chairman of the committee.

Mr. McSWAIN. The gentleman remembers, of course, that not the entire property constituting nitrate plant no. 2 would be employed in the production of nitrogen for fertilizer purposes; the entire plant would not be used for the production of nitrogenous plant food, but that in the process of making fertilizer you cut out at a certain point. You do not use that part of the plant used for nitric acid nor for the making of ammonium nitrate, and that the break-down for that part of the plant which would be used in the making of fertilizer would be shown at a cost of \$18,000,000 and that 33 1/3-percent salvage of the original war-time investment would be a pretty fair figure. Is that not so?

Mr. COCHRAN of Pennsylvania. In answer, I would say, respectfully, that no 33 1/3 percent capital charge is provided, in the bill, because the wording is "not to exceed \$6,000,000." It may be a mere nominal sum, and I venture the opinion that it will be a mere nominal sum if it becomes necessary to reduce the cost of fertilizer in order to shorten the mythical yardstick.

I ask your indulgence again while I read from the hearings excerpts from the testimony of Judson C. Dickerman, who stated he is a public-utility investigator, an engineer-investigator for the Federal Trade Commission.

Asked by the chairman to detail his study and experience, he replied:

Originally I am a graduate of the Massachusetts Institute of Technology in chemical engineering, in which I gave a great deal of consideration to power engineering. Since then I have had manufacturing experience in chemical plants; I have had charge of a utility; I have been the principal engineer in charge and supervision of all the utilities, except railroads, for the State of Virginia; have been connected with the Wisconsin Railroad Commission in the utility investigations; was assistant director of the giant power survey in Pennsylvania and a staff member of the public-service commission there; and I have been for 4 years traveling over the country investigating the physical properties and the operating conditions of the power plants in this country.

Dr. Dickerman stated his familiarity with nitrate plant no. 2 and that that plant was antiquated; yet this is the plant this bill would seek to modernize by spending the money of the taxpayers, at a time when they are already overburdened, in order to make fertilizer. The existing fertilizer plants in the United States have a present production capacity three times present consumption.

There is great controversy here as to the most economical method of developing electrical energy, whether by the hydro method or by the steam method.

I make the statement after considerable study and mature thought that the cost of electric energy in a given locality cannot be used as a yardstick to determine what should be the cost in another locality. The factors entering into such cost are never identical. Nature has favored some localities over others. If a power site can be found upon a river with an ample, steady flow of water in all seasons, at a point where the dam can be constructed at low cost and large storage can be had at low cost and near a large industrial market, the price at which such power can be sold will be far below that at a site where one or more of these factors are lacking. Likewise, if it is sought to develop electric energy by a steam plant, and the plant can be located near a large supply of low-priced coal and near a steady industrial market, the price to the consumer will be far below that of power from a plant less favorably located. There will thus be a wide difference between the cost of electric energy generated at Muscle Shoals and the cost of electric energy generated at any point, we will say in the State of Nebraska, where there are few, if any, power sites and where freight rates increase the cost of coal. Thus the cost at Muscle Shoals cannot be used as a yardstick to determine what should be the cost in Nebraska.

Further testimony of Dr. Dickerman upon this subject, when his attention was directed to it by the chairman and

he was asked to make a comparison of costs between these two sources of energy, is as follows:

I am continually making those comparisons in reports which I have been making for the last 4 years. I have had occasion to find out what both the installation and operating costs of various hydro and steam electric power plants have been, so that I have gathered a considerable knowledge of such matters.

Now, when it comes to comparison of hydro as against steam production, it appears to me that there are at least three groups or factors which must be considered as regards any particular place in which you wish to develop power. One very obvious one is the probable cost of coal over a period of years. At the present time we are all aware that coal is being sold at the mines at a cost which represents practically no return on investments; a dollar a ton or less is a prevailing price. How long that will last we do not know. It is bound to last for a while, but it does not seem conceivable that that can remain as the fundamental price for coal over a period of years.

The cost of coal includes, at the point of use, the railroad or freight charges to deliver it. There are power plants in this country which, in the last few years, have been charging coal into their plants at \$2 a ton. Those are located in the coal-mining States. The companies which are operating in such sections as New England and New York State are having to charge in from \$4 to \$5. In the interior of New England they have to charge in practically \$6 a ton for their coal. So the coal price, regardless of what it is at the mine, will vary according to the transportation charges to different parts of the country.

Another factor is, What sort of service do you expect to supply? If you are going to supply a community or a group of communities that are commercial, residential, and only moderate in their industrial development—a few factories employing 50 or a hundred people—you will find that what we call the load factor—that is, the percentage of the total time that the equipment will be operated at full capacity—is apt to be only between 30 and 40 percent. If you are going into a highly industrialized community, where there are large factories that are likely to have continuous operations throughout the year, you may get your load factor built up to around 50 percent. If you can operate a lot of electrochemical or electrometallurgical industries, such as are clustered around Niagara Falls, you may get a load factor of approximately 80 percent.

I have wondered whether the residents of Nebraska honestly expect electric energy at the price at which it can be produced at Muscle Shoals.

Comparisons have been drawn between the cost of electric energy in the State of Washington and its cost elsewhere. Nature has been bountiful in her gifts to the State of Washington, for there, it is stated, are found 20 percent of the power sites of the United States, an unlimited source of power at the lowest possible production cost. So I repeat that no "yardstick" is possible to be made at Muscle Shoals which will honestly measure the cost of electric energy at any considerable distance therefrom.

At Muscle Shoals I saw a deserted city of perhaps a hundred modern, well-constructed homes, many of them of brick, with fine improved streets. This city is unoccupied. These buildings are unoccupied because there is no demand for the electric energy that can be produced there. That cheap energy has not succeeded in attracting any industries; and I foresee if this great construction program goes forward, as it doubtless will, to produce additional surpluses of electric energy for which there is no demand, that the ghosts will play around those plants as they are nightly playing around that deserted city.

Saturday it was asserted by one of the persons favoring this bill that the Government is selling power at Muscle Shoals at 2 mills a kilowatt. This statement, like many others with reference to the cost of electric energy in different localities of the country, is startling in the absence of an explanation. The six Southern States are served by six utility corporations, and the common stock of these operating utilities is held by the Commonwealth & Southern Corporation. These operating utilities today sell only two thirds of the power they produce. Representatives of the War Department besought them to buy Muscle Shoals power. These utilities had their hydro plants and their steam plants. They wanted to cooperate. They did not need the power. So the engineers of the War Department and those of these utilities got together. The utilities agreed to take annually a minimum of \$560,000 worth of energy at 2 mills a kilowatt-hour; but this price was based upon the savings the utilities could achieve by shutting down steam plants—that is, the saving in wages and coal. The capital charges continued

against these steam plants, and the net result was that these utilities made no more money than they would had they generated a like amount of power in their steam plants, while the United States receives \$560,000 or more annually.

I have listened to glittering generalities here and invectives against electric utilities as a class. I do not know whether there is a foundation for these charges, because only conclusions are stated, not facts upon which we might judge the soundness of the conclusions. It ought not to be necessary for a Member of this House to preface any remarks he has to make with reference to utilities with the statement that he is not financially interested in them. I hold no brief for any utility. I am a lawyer. I fight them when they do wrong; but I do want to direct your attention to the utilities in the six Southern States.

The uncontradicted testimony before the committee is that every issue of stock or bonds for capital purposes has first been approved and authorized by the utility commissions of the respective States, and that after this authorization has been secured every dollar received from the sale of stock or bonds has been expended under the direction of these utility commissions.

I am speaking rather in behalf of the owners of the \$500,000,000 of invested capital in these utilities. The uncontradicted evidence is that there is not a cent of water, that there has not been a cent of write-up in order to boost rates. It may be that inequalities exist in matters of rates, but if they do the fault lies with the rate-making bodies. I may state that insofar as my knowledge goes there is not a single stockholder of any of these utilities within my congressional district.

The further evidence is that if the Government goes into the business of either building or acquiring transmission lines within transmission distance of Muscle Shoals, this entire investment will be lost. This is the fear of the people who have invested their money. I desire to read at this point a letter received a few days ago:

TALLADEGA COLLEGE,
UNDER THE AUSPICES OF THE AMERICAN
MISSIONARY ASSOCIATION,
Talladega, Ala., April 19, 1933.

MR. THOMAS COCHRAN,
Congressman from Pennsylvania, Washington, D.C.

DEAR MR. COCHRAN: I am a holder of preferred stock in the Alabama Power Co. I know of many others like myself who have put their small savings in this stock. For this reason I object to the Federal Government building transmission lines for the distribution of electric current, as it would cause a hardship on all these people. I come from Grove City, Pa., but my work calls me here.

Yours sincerely,

E. C. MEYERS.

The letter indicates that Mr. Myers is the controller of Talladega College.

It is not an idle statement that the acquisition by the governmental agency of the existing transmission lines, or its construction of competing lines, would destroy the entire investments of the people of the six Southern States and elsewhere, in the bonds and preferred stocks of the operating utilities.

It grieved me to hear one of the supporters of this resolution say that the governmental agency should have legislative authority to construct transmission lines, so that it would be armed with a club which would compel the utilities to sell at the agent's arbitrary price. In other words, it is sought to have the Government enact the role of a highwayman and bludgeon its citizens out of their property.

An electric utility is composed essentially of three units, namely: First, the generating or power unit; second, the transmission lines or transportation unit; and, thirdly, the sales unit or municipal distribution plant. If the governmental agency takes the transmission lines at its arbitrary price, or constructs competing lines, it follows as night the day that the generating unit and distribution units are valueless. Under this scheme the governmental agency proposes to generate electric current at Muscle Shoals and 11 other plants authorized to be constructed on the river, to take over existing transmission lines at its price or construct

others, and seize without any compensation whatever the entire markets that have been built up by the existing utilities, such action rendering valueless the generating units of the existing utilities. It should be noted here that no evidence whatever was presented to the committee that the services of the utilities are, or have been, inadequate or that their rates are, or have been, other than just, fair, and reasonable. To those who advocate that our Government should engage in such an undertaking, I will say that, by way of comparison, banditry is an honorable profession.

The governmental agency can and will sell electricity below the actual cost of production, for it pays no taxes, and will reduce charges against capital investment to a nominal figure to justify its continued existence. The history of such governmental agencies is that they perpetuate themselves, without regard to the cost to the taxpayers.

Many of the arguments advanced above apply with equal force against the Government's engaging in the production of fertilizer at Muscle Shoals. The Government nitrate plant cost \$55,000,000, and the pending resolution provides that in ascertaining the cost of production the capital charges shall be made against a sum not in excess of \$6,000,000, which means that there will be no capital charges. The agency is obligated to produce fertilizer below the cost at which it can be produced by modern methods at the most efficient plant in the United States.

Fertilizer produced at Muscle Shoals will be sold within a very limited area, for the sales area of such a heavy, bulky commodity, defined by freight rates, is necessarily small. Owing to the controlled items of cost in its manufacture at Muscle Shoals its cost there affords no "yardstick of price" elsewhere. The whole proposition is simply to establish another subsidy, which would benefit nobody, not even those who would purchase the cheap fertilizer. It would only add to the present surplus of cotton. The hidden costs of the fertilizer, not reflected in the sale price, would be borne by the taxpayers of the country, including the wheat farmer and the dairyman.

The final argument in favor of the resolution is that the development of the power sites of the Tennessee River and of the natural resources of its valley would give employment to the jobless. But the proposition is to produce those things for which there is no present or prospective demand, and of which the country now has and for years has had a great surplus.

I will remark that there is in existing industries today a job for every person unemployed and willing to work, and that the efforts of the Congress would be more beneficially employed if directed toward starting those industries. When they are started, the masses will be restored to their old purchasing power, agriculture will again flourish, and the depression will be a matter of history.

Pennsylvania is the greatest industrial State of the Union, and for this reason feels the direst effects of the depression. Thousands of her citizens are unemployed. Revival of industry will necessarily commence within her borders. Such revival would be greatly stimulated by the Government's immediately adopting the Allegheny River-French Creek route as the route for the Ohio River-Lake Erie ship canal, and connecting with it at the same time the canalization of the Beaver, Shenango, and Mahoning Rivers. Sixty-three miles of this route is now completed. George Washington advocated a ship canal connecting the Ohio River and Lake Erie. A recent economic survey of the territory contiguous to such route has shown the project self-liquidating. Ships would travel north with cheap coal and oil and its products for the Northwest and return with that section's wheat and ore from the Lake Superior districts. The coal and oil industries of western Pennsylvania and the steel industries of Pittsburgh and the Shenango and Mahoning Valleys would flourish.

It may well be that this is the point at which we can pierce the lines of depression and start our country on its road to its accustomed prosperity. Its promise justifies the attempt.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, in connection with the matter of the watered stock, I call the attention of the House to the testimony of Mr. Willkie, who is the president of the holding company known as the Commonwealth & Southern. The testimony showed that there are several intermediate holding companies and that it finally heads up in the banking firm of J. P. Morgan & Co., and on page 238 of the hearings I asked Mr. Willkie these questions:

The CHAIRMAN. Mr. Willkie, do you say that all of this common stock that the holding company owns, which has a third-lien status upon the earnings of the company, represents cash investment in the physical properties of these plants?

Mr. WILLKIE. I would not say that exactly; that is a rather difficult thing to measure. These companies are a growth of gradual consolidations. Take, for instance, the company that Mr. Arkwright told you about, one company going into another company.

I think it was claimed before the Federal Trade Commission in connection with the Georgia Power Co. that some increase in value was placed on the Georgia Power Co. in connection with lands it acquired in 1902. The consolidation took place in 1926, and the Georgia Power Co., in accordance with the well-established rule of law that you are entitled to increases in the value of real estate, claimed some value for that increase.

The CHAIRMAN. How did the Tennessee Power Co. pick up \$10,000,000; that is, the difference between the \$90,000,000 investment and \$102,000,000, the present stock valuation?

Mr. WILLKIE. Mr. Guild can answer that question.

Mr. GUILD. I think, Mr. Chairman, that can be answered by the consolidation that took place when the Tennessee River Power Co. became a part of the Tennessee Electric Power Co. There was a loss of about \$7,000,000 or \$8,000,000 that was charged off, and the real value of Hales Bar stands on our books now at about \$9,000,000, when the real value was about \$12,000,000 or \$13,000,000. That loss was sustained by the other company.

Then Mr. Dickerman, who is certainly an impartial witness, being employed by the Federal Trade Commission, testified, beginning on page 335 of the hearings, as follows:

Mr. GOSS. Do you think those figures they have given me are accurate?

Mr. DICKERMAN. Well, let me say one thing about the rate of return, which I am not thoroughly impressed with. They may figure 6 percent, but there is not a utility company going that is trying to do business on 6 percent on their actual investment. They have included, as our Federal Trade Commission reports have shown, their capital charges in their investment accounts, and if they earn 6 percent on capital, they are earning 8 or 9 percent on the real investment.

Mr. GOSS. Will the gentleman yield there?

Mr. McSWAIN. Certainly.

Mr. GOSS. If my memory serves me correctly, Mr. Dickerman, of the Federal Trade Commission, admitted that out of the \$600,000,000 invested in all of these companies there was a write-up of about \$9,000,000. Is not that correct?

Mr. McSWAIN. That was in the case of the Tennessee Power Co.

Mr. GOSS. That was all they found in respect of all the properties, was it not?

Mr. McSWAIN. That is the only actual item that they were able to identify as to how it got in, but he states that the fact is it must be in there somehow, because when they figure 6 percent on their capital they are figuring enough to represent 8 or 9 percent on the actual physical value of the property. So this shows that Mr. Williams, of Mississippi, a son of the distinguished John Sharp Williams, and himself a consulting engineer, was right when he testified that the company that had employed him as consulting engineer had ascertained that they could go to Georgia and construct power plants and transmission lines and a distributing system through the city of Atlanta and make a reasonable profit on their investment by charging the consuming public only 52 percent of the rates now prevailing in Atlanta.

So I submit that these statements by Mr. Dickerman and Mr. Williams corroborate one another and indicate that the public impression that has grown up out of the experience of millions of people of the country, to the effect that the rates charged by the utility companies for both domestic and industrial use are unjustifiably high, is probably a correct impression.

Mr. McFADDEN. Will the gentleman yield?

Mr. McSWAIN. I will yield.

Mr. McFADDEN. The gentleman will agree that the exploitation of the power companies has been perpetrated by the banking houses?

Mr. McSWAIN. I do not know who the power is behind the throne. I have not been able to go into all the intricacies of the holding companies. Our time is limited, we have no funds to bring witnesses here, and no funds to pay them; but, as I said, it appears by the statement of Mr. Dickerman that the holding companies have exploited the utility companies and it has finally landed in the banking house of J. P. Morgan & Co.

Mr. McFADDEN. That is one of the reasons why I introduced the resolution calling for an investigation of the Treasury income-tax department, because these people have not paid their proper share of the taxes.

Mr. McSWAIN. If anybody has escaped the payment of his share of the taxes, I am in favor of an investigation.

Mr. KVALE. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. KVALE. I have in my hand a statement which shows that the Tennessee Power Co. has an assessed value of \$59,000,000 for taxable purposes, and for rate-making purposes the same property is valued at \$94,000,000.

Mr. McSWAIN. I thank the gentleman.

Mr. KENNEY. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. KENNEY. I understand that some of these companies have underwritten the charges as capital. Does the gentleman know of any case where the underwriting charges are written off?

Mr. McSWAIN. I do not; I do not know very much about holding companies. I do not know how they came into existence or what they are for; but I have had a little experience in telephone concerns, and I have been convinced that a lot of these parent companies milk the local companies and make it appear that the local companies are not earning much of anything, whereas the earnings go into the coffers of the parent company.

It is difficult, therefore, to write legislation that will satisfy some of our friends. My amiable and delightful friend from Pennsylvania, Mr. RANSLEY, for instance.

Now, when Henry Ford wanted to acquire the Muscle Shoals property it would seem that the proposition ought to satisfy anybody who is in favor of private operation. Mr. Ford said that if the property was leased to him he would operate it as a private proposition and would manufacture fertilizer, and that his personal fortune would be behind it, and then all the rest of the power he would use for Henry Ford. What he was going to do with it nobody knows.

But what happened when the bill was brought out of the Military Affairs Committee? A report was signed by my distinguished friend from Pennsylvania, and 4 or 5 others, who are not Members of Congress now, in which they said:

A large amount of evidence was brought before the committee to show the wide-spread demand in the South for hydroelectric power and the concern which is felt in that section lest the Muscle Shoals power be entirely withdrawn from public service.

In other words, they were then much afraid that private industry—to wit, Henry Ford—would gobble up all the power generated at Muscle Shoals. The truth is the power companies wanted that power then and they want it now. They admit they will buy it now on a long-term contract and pay over \$2,000,000 a year for it.

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. RANSLEY. The gentleman also recalls that Henry Ford became frightened over the proposition and withdrew it.

Mr. McSWAIN. I remember that very well, but I believe that but for the opposition made by my distinguished friend and his associates and men of like mind at both ends of the Capitol Henry Ford today and through all these years would have been operating that property, turning out 2,000,000 tons of mixed fertilizer a year for the benefit of the farmer,

and using all of that power, and not come into competition with a single one of these "precious power-utility companies."

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. McFARLANE. Several gentlemen on the other side of the aisle in the course of debate have stated that there are ample plants in existence to furnish fertilizers to the country. I ask the gentleman whether he is familiar with the fertilizer that was last year used on the Mount Vernon road, between Washington and Mount Vernon, and on other projects, which was shipped into this country from Germany?

Mr. McSWAIN. I have heard about that. I want to stick to the main track. As to the necessity of having additional power, when the then Secretary of Commerce, Mr. Hoover, made a speech in Seattle on August 21, 1926, it then appeared to him that there was not only a demand for power at Muscle Shoals and in the Cumberland River and in the Columbia River but that there was a necessity for such power, and he expressed the hope in that address that there would be a devotion of a large part of the power which shall be created there to the development of the electrochemical industry as a "national necessity for industry, agriculture, and the national defense."

In 1926, therefore, it was all right. In 1930, sitting as President, when we offered a bill which would have accomplished, in large measure at least, the development of this property, the very object that appeared desirable when he made the speech in Seattle in 1926, it was met with the most vigorous veto. One provision that was in the bill as it passed both Houses of Congress and would have become a law except for the signature of the President in 1928, when it was met with a pocket veto, and in 1930, when it was met with a very positive veto, was the provision that if power was sold by the corporation operating the property to a public-utility company, reselling power for profit, that such power might be withdrawn upon 2 years' notice to the power utility company, that the power was needed either for States, municipalities, counties, or cooperative associations.

In this bill the time has been increased, so far as notice is concerned, from 2 years to 5 years. When the representatives of the power interests were before us and protested against that provision I said that the mere length of time was immaterial. We thought 2 years was fair enough for them to build another power plant, and I asked the question myself if they would tell us what they think is a fair limit of time. They declined to say, but after the committee got around the table and began to consider the matter, we decided to more than double it, and now, so far as this bill is concerned, it is 5 years. I think that surely ought to foreclose any criticism or complaint that this committee has been actuated by anything like prejudice or the spirit of unfairness toward these interests.

In conclusion, very briefly, this bill is in pursuance of the policy of conservation which has been proclaimed for 21 years by both the great parties of this Nation, representing at least 95 percent of the entire population of the country, beginning with the declaration of the Progressive Party in 1912, saying in effect that the power then in the public domain, or in the navigable waters, was a national asset and should be preserved in public hands for the benefit of all the people; and from that time to this day every single party platform has proclaimed that to be its policy. How can any of us say that this bill which carries that policy into effect is, as has been said, socialistic or communistic or sovietistic? This is the policy of 95 percent of the American people. It is that the power incidentally developed in pursuance of those projects of navigation and flood control is an asset of all the people. Great complaint was made before our committee by some representatives of the power companies that such legislation as this would deprive some women and children who have invested some money in these public-utility bonds and preferred stock, of their investment. In the first place I am satisfied it will not do it. The bill is as fair as it could be.

It says, "If you have a power-transmission line and we need it we will buy it from you and pay its reasonable price,

and you can take that money and distribute it as a stock dividend among your stockholders and pay them back this money you are now grieving about." But in the next place, my friends, we have to direct our attention to some women and children who are not owners of stocks and bonds. I must assume that at least a large part of the women and children who have been able to put money into bonds and preferred stocks of public-utilities companies have some more money invested in some other stocks and bonds. I am thinking of the millions of women and children who have to earn their own bread by their daily toil.

The SPEAKER. The time of the gentleman from South Carolina [Mr. McSWAIN] has again expired.

Mr. McSWAIN. Mr. Speaker, I yield myself the remainder of the time.

I am thinking of those millions of women and children who are compelled to have electric power for light and for other domestic purposes, and when they, out of their meager earnings, are compelled to pay more than a fair and reasonable return on the actual physical property employed in the production, transmission, and distribution of that power, then an unfair exaction is being made of them. Their money is unjustly taken from them. I summon before your mind all those millions of women and children struggling for a bare existence, against the few thousand who are stockholders and bondholders in the utility companies involved. [Applause.]

The SPEAKER. The time of the gentleman from South Carolina has expired.

All time has expired.

Mr. McSWAIN. Mr. Speaker, by instruction of the Committee on Military Affairs, I offer two very brief committee amendments, which are on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN for the committee: On page 23, line 1, after the word "shall", strike out the word "by" and insert the following: "be voidable at the election of"; and beginning with and including the first word "be", strike out the remainder of the sentence.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from South Carolina [Mr. McSWAIN].

The amendment was agreed to.

The SPEAKER. The Clerk will read the second amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN for the committee: On page 23, in line 21, after the first word "from", insert the word "such", and after the word "bonds" and the comma following it, insert the following words: "as the Authority may make available to the Secretary of War for that purpose."

Mr. McSWAIN. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the amendment offered by the gentleman from South Carolina [Mr. McSWAIN].

The amendment was agreed to.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. McSWAIN. Mr. Speaker, I ask your indulgence. It has been agreed that the final vote on this bill will come tomorrow, and I do not now move the engrossment and third reading and final passage.

Mr. RANKIN. Mr. Speaker, I desire to serve notice on the House that I shall offer a motion to recommit to substitute the Norris bill. That may be done tomorrow.

The SPEAKER. The Chair suggests that the bill may be engrossed and read a third time.

Mr. McSWAIN. Very well.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. RANKIN. Mr. Speaker, I offer a motion to recommit to substitute the Norris bill.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. RANKIN. I am.

The SPEAKER. Is there any member of the committee who is opposed to the bill who desires to offer a motion to recommit? [After a pause.] The Chair hears none.

Mr. McSWAIN. I desire to reserve all points of order on the proposed motion to recommit.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RANKIN moves to recommit the bill to the Committee on Military Affairs with instructions to report it back forthwith with the following amendment: "Strike out all after the enacting clause and insert the following."

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the amendment referred to may be considered as read and be printed in the RECORD at this point.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The amendment is as follows:

Strike out all after the enacting clause and insert the following: "That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of 'The Tennessee Valley Authority' (hereinafter referred to as the 'Corporation'). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the 'Tennessee Valley Authority Act of 1933.'"

"SEC. 2. (a) The board of directors of the Corporation (hereinafter referred to as the 'board') shall be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

"(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the fifth year, one at the end of the tenth year, and one at the end of the fifteenth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring 15 years from the date of the expiration of the term for which his predecessor was appointed.

"(c) Any member appointed to fill a vacancy in the Board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

"(e) Each of the members of the board shall be a citizen of the United States. The chairman of the board shall receive a salary of \$10,000 a year. Other members of the board shall receive salaries of \$9,000 each per annum. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses now owned by the Government in the vicinity of Muscle Shoals, Ala., the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses while in the performance of the duties vested in the board by this act. No member of said board shall, during his continuance in office, be engaged in any other business, but shall give his entire time to the business of said Corporation.

"The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers may be corporations and banking institutions and shall give such security for the safe-keeping of the securities and moneys of the said Corporation as the board may require: *Provided*, That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

"(f) No director shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

"(g) The board shall direct the exercise of all the powers of the Corporation.

"(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act."

Sec. 3. The board shall appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board.

"Sec. 4. Except as otherwise specifically provided in this act, the Corporation—

"(a) Shall have succession in its corporate name.

"(b) May sue and be sued in its corporate name, but only for the enforcement of contracts and the defense of property.

"(c) May adopt and use a corporate seal, which shall be judicially noticed.

"(d) May make contracts as herein authorized.

"(e) May adopt, amend, and repeal bylaws.

"(f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

"(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

"(h) In the name of the United States Government to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States Government.

"Sec. 5. The board is hereby authorized and directed—

"(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program.

"(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

"(c) To cooperate with national, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

"(d) The board shall manufacture fixed nitrogen at Muscle Shoals by the employment of existing facilities by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen.

"(e) Under the authority of this act the board may make donations or sales of the total product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

"(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

"(g) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the Corporation to furnish nitrogen products for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

"(h) The board shall have power to request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and the President shall, if in his opinion, the public interest, service, or economy so requires, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board.

"(i) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

"(j) Upon the requisition of the Secretary of War the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

"(k) To produce, distribute, and sell electric power, as herein particularly specified.

"(l) No products of the Corporation shall be sold for use outside of the United States, her Territories and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

"Sec. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation

of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

"Sec. 7. In order to enable the Corporation to exercise the powers vested in it by this act—

"(a) The exclusive use, possession, and control of the United States nitrate plants nos. 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof are hereby entrusted to the Corporation for the purposes of this act.

"(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

"Sec. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The Corporation shall at all times maintain complete and accurate books of accounts.

"(c) Each member of the board before entering upon the duties of his office shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

"Sec. 9. (a) The board shall file with the President and with the Congress in January of each year a financial statement and a complete report as to the business of the Corporation covering the preceding year. This report shall include the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

"(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times and copies thereof shall be filed in the principal office of the Corporation at Muscle Shoals, in the State of Alabama. Once during each fiscal year the President of the United States shall have power, and it shall be his duty, upon the written request of at least two members of the board, to appoint a firm of certified public accountants of his own choice and selection, which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records belonging to or under the control of or used by the Corporation in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the Corporation.

"Sec. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works generated by it to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding 30 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 2 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to provide for the fullest possible use of electric light and power on farms, the board, in its discretion, shall have power within reasonable distance of any of its transmission lines to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates and to make such rules and regulations governing such sale and distribution of electric power as in its judgment may be just and equitable.

"Sec. 11. It is hereby declared to be the policy of the Government, so far as practical, to distribute the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance of Muscle Shoals.

"Sec. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, or authorize the construction of transmission lines within transmission distance from the place where generated: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the Government reservation upon which is located a Government

generating plant, or to a main transmission line owned by the Government and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 40 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Corporation and any municipality or other political subdivision shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be void if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount fixed as reasonable, just, and fair by the board; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board, the contract for such sale between the board and such distributor of electricity shall be declared null and void and the same shall be canceled by the board.

"Sec. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United States of Tennessee, and from the gross proceeds of the sale of such State of Tennessee and from the gross proceeds of the sale of such excess power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose.

"Sec. 14. The board shall make a thorough investigation as to the present value of Dam No. 2 and the steam plants at nitrate plant no. 1 and nitrate plant no. 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained.

"Sec. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation of hydroelectric power, the board, if directed so to do by the President of the United States, shall issue its bonds for the payment in part or in full of that part of said development that is allocated to the production of hydroelectric power. Said bonds shall be in denominations and shall draw such interest and shall bear such maturity dates as shall be directed by the President, and the same shall be sold to the public in such manner and under such rules and regulations as the President may direct. The net proceeds of all moneys received for the sale of power to States, counties, municipalities, or farm organizations, as well as the net proceeds derived from any tonnage tax that may hereafter be provided for by Congress, are hereby pledged to the payment of said bonds and the interest thereon.

"Sec. 16. The Secretary of War, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

"Sec. 17. It is hereby declared to be the policy of the Government to utilize the Muscle Shoals properties so far as may be

necessary to improve and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

"Sec. 18. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress, to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs of the Chief of Engineers, including power house and hydroelectric installations and equipment for the generation of at least 200,000 horsepower, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

"Sec. 19. In order to enable and empower the Secretary of War to carry out the authority hereby conferred, in the most economical and efficient manner, he is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this act and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public-utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Corporation for use and operation in connection with the general Muscle Shoals project and to promote flood control and navigation in the Tennessee River.

"Sec. 20. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any patent whose patent rights may have been thus in any way copied, used, or employed by the exercise of this authority by the Corporation, shall have as the exclusive remedy of a cause of action to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office.

"Sec. 21. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

"Sec. 22. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States intrusted to the Corporation.

"(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States, (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

"(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

"Sec. 23. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent of this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to

the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby.

"Sec. 24. The President shall from time to time, as the work provided for in section 23 progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin.

"Sec. 25. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this act, the President of the United States is hereby authorized to enter into contracts with the owner or owners of such rights or such property, and to provide for the payment of same by delivery of hydroelectric, steam, or other power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said Corporation. Any such contract made by the President of the United States, or under his direction and approved by him, shall be carried out by the board.

"Sec. 26. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which in the opinion of the Corporation are necessary to carry out the provisions of this act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

"Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed \$15 per day for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

"It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court, the clerk of said court shall give notice of the filing of such award to the parties to said proceeding in manner and form as directed by the judge of said court.

"Either or both parties may file exceptions to the award of said commissioners within 20 days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearing such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

"At any time within 30 days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of appeals shall thereupon fix the value of the said property sought to be condemned.

"Sec. 27. All appropriations necessary to carry out the provisions of this act are hereby authorized.

"Sec. 28. All acts or parts of acts in conflict herewith are hereby repealed.

"Sec. 29. The right to alter, amend, or repeal this act is hereby expressly declared and reserved."

Mr. RANKIN. Mr. Speaker, that motion will be pending in the morning?

The SPEAKER. That will be the business pending.

CURRENCY INFLATION

Mr. LAMNECK. Mr. Speaker, I will not take a great deal of time. There is no question but that we are off of the gold standard and we have embarked on a plan of temporary inflation. [Applause.]

I do not have any criticism of such procedure, but I am considerably concerned about what position we are to be in when we are called upon to consider the problem of going back onto the gold standard, and it is on that subject that I desire to address the House this afternoon.

There are price levels that cause depression and there are price levels that bring prosperity. America can have sound money under American control and can offset foreign manipulation of money values under the simple plan in H.R. 1577, quoted in full in these remarks.

It is now 4 years since our so-called "depression" started. Since that time more tragedy has been written into the affairs of man than in any like period during times of peace in the history of the world. More destruction has taken place than during many periods when the nations of the world were engaged in war. We have tried many relief measures without avail. Without a single exception, all these measures deal with the effects and not with the cause of the depression.

When Mr. McCORMACK, of the Ways and Means Committee, on May 2, was questioning Mr. Janney, who is known to many of the Members of this House because of his testimony before the various committees and his published statements on economic affairs, Mr. Janney replied:

I would get the cause of the trouble firmly before my view, and then I would remedy the cause.

By reference to pages 726 and 727 of this hearing before the Ways and Means Committee can be found his analysis of the cause of this depression, which up to now, so far as I know, stands not only unchallenged and uncontradicted but fully supported by record evidence from everything that I have been able to gather on this subject.

Such legislation as we have passed in this Congress up to now will not cure this depression because it does not deal with the cause of the depression. Some small temporary aid was had by some at the expense of others of our citizenship from this legislation, but no cure was effected because the law of cause and effect has not been our guide.

The Congress of the United States must realize that there is an economic war going on in the world and the issue in this economic conflict is to fix the commodity price level. If the United States cannot find a remedy, or rather I should say if the United States cannot work out a strategy in this economic conflict, which gives us the power to fix the commodity price level at the point that will restore prosperity in the United States, then I warn you that foreign nations will fix it for us in an international conference. And we will not know until long afterward what we have done. And then all these so-called remedies that we are dealing with will fall like a house of cards and add to the wreckage that we now have when we come to restoring normal conditions in the United States.

In all previous depressions there has been a choice between two courses of action, one to allow liquidation to run its course with all the disastrous consequences it entails—the other course is to arrest the fall in the value of property by adding to the money volume and thus increasing the value of property, or, in other words, to lower the value of money.

The situation is different in this depression from what it has been in other depressions. Investigation of Congress, as I find from a study of its records, makes very clear, and the proof is uncontradicted, that this depression is the result of foreign nations passing laws to affect the

value of our gold dollar combined with the fact that the United States of America has made no counter move to protect it in this situation. There is, therefore, present in this situation a third course of action, which is to adopt an American plan that will be defensive and will protect our position in the matter of the price level by defending gold values from manipulation.

If we continue to follow the course of liquidation we can expect the following results: Debts will have to be reduced or completely wiped out by bankruptcies or foreclosures. Such procedures will require at least 10 years to complete. As a result of such policy, farms, homes, and other property will be for sale at ridiculous prices. No building will take place during this period. All industries dependent on building operations will be closed or they will be run at low capacity. Public debt will increase because of decreased revenue. Some, if not all, political subdivisions will no doubt be compelled to default on their interest and sinking-fund charges. Bank deposits will decline from fear, low-interest rates, and so forth. More banks will fail, more businesses will fail because of lack of credit. Interest rates will be lower for safe securities but interest rates will be higher for business and agriculture—all because of the precarious business conditions.

Fire-insurance policies will be reduced and rates increased. Other prices and fees will fall, such as freight rates, telephone charges, newspapers, doctors, dentists, and attorney's fees. Large numbers of business concerns will pass out through bankruptcy. Capital investments in all forms will be written down.

We must either be prepared to endure this tragic situation with all of the unforeseeable conditions it will entail or else we must adopt a movement in the counter direction which will be sane, sound, and effective—one that will treat with the cause of the difficulty.

Where does our wealth come from in this Nation? In the United States we produce \$18,000,000,000 a year yielded up from our agriculture and other resources. In the last 3 years the profits from the production of this new wealth have been completely wiped out. Definite causes have produced this result, causes which have led to the closing of the markets of the world. Our exports of the surplus of these productions cannot go out to people in need of them and this same surplus of our productions which should be the basis of our continued prosperity must remain at home to break down our markets and destroy our profits. Is there anything mysterious about this? Then why can we not deal with it as a basic problem? And why can we not consider that these same causes have also closed the central banks of the nations with whom we have dealt in our foreign trade, thus making commerce impossible with them, and at the same time have accomplished a third result by so increasing the value of gold from which our dollar is made that it takes nearly twice as much in commodities to buy a given amount of gold dollars as the average over a period of years?

We should recognize the gravity of such a situation by studying the causes that have produced these results. Any other attitude will discredit our leadership to such an extent that the people may take the matter into their own hands—we must not allow such a cause to continue. When we apply temporary measures or measures that are alleviative in their nature and that do not cure the cause of the trouble, we are merely trifling with natural law. We are denying our confidence in law and we are worshiping false gods.

I repeat what I have said before—there is an economic warfare going on in the world and all that we hear about is some program that will bring relief in this difficulty. Why not adopt a defensive measure in this economic conflict? Why not work out an American plan that will control permanently the price level and defend the United States from this type of depression? In that way we can avoid all the misery and devastation we are now witnessing. We cannot only relieve present conditions but a measure can be put forward to protect us from future catastrophes of this kind. Where is the boasted ability of American financiers and American statesmen? We owe it to our constitu-

ents and to future generations that we include in any plan we decide upon such a control of money values that will prevent foreign countries from bringing about such conditions in the future. Why should we permit foreign countries to manipulate our monetary system? Why do we sit idly by and permit them to do this thing? Why do we hear so little on the floors of Congress that tends to educate its Members or the public of this country in the matter of a defensive economic policy?

Is there any defense for us in this situation, and must we admit that an international arrangement must be had to make permanent this foreign control of our economic destiny?

Why can we not speak out in this matter of wresting the control of our prosperity away from foreign nations? What is the reason for so much silence and so much confusion on this question? Why is it the European viewpoint is so often and so freely advanced and the American viewpoint is silenced?

It would be very different if a committee of the House had not studied this question and built up a record that is the most enlightening of any in the records of Congress on this subject and that conclusively proves what I have said. European nations are destroying our prosperity. This is established by the statements of men that are among the leading men of Europe today, both in statements made before their investigating commissions and statements made on the floor of their parliament. They are exploiting us, and those of us who would defend this situation cannot be heard to speak even in our own Congress.

There is no doubt whatever that the United States has completely failed to enact any measures that have any such control on commodity prices as those European nations have exercised. If they take action which depresses world commodity prices, or in other words which increases the purchasing power of the ounce of gold, why do not we take action to protect the commodity price level or to prevent the increase in the purchasing power of the ounce of gold? Such action is open to us. Such a defensive measure is possible to us. A bill to effect this rests in Congress with an imposed silence—why do we not subject it to debate? Why this imposed silence?

I cannot answer satisfactorily to myself why it should be—but there seems to be an effort to prevent the Congress of the United States from even debating a plan that will defend this Nation from the specific and definite things that have caused this terrific cataclysm of depression—the only discussions I hear are those which would make us vassals to those European nations by surrendering to them by way of an international conference at least a part of our independence of action, and in return for this we will concede to them the right to continue to exploit us.

When the colonies of Great Britain complained of this exploitation, as it applied to them, it resulted in the conference at Ottawa, at which conference various concessions and advantages were yielded up to the colonies in return for this manipulation of price levels. But no advantage was given up to the United States, and the manipulations that affect our wealth and our prosperity still continue. It not only continues, but the silence still continues on the only measure that is now before this Congress that provides an effective American plan and an American remedy. I will read this bill, but first I will say that every effort that has been made to discuss this bill and the way it has been side-tracked with the administration has so far resulted in complete failure, and on some other occasion I will hope to bring before the Congress the efforts that have been made to bring this matter up for explanation and discussion with the administration without any success.

A bill to preserve and protect the gold standard through establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold value equivalent and under such regulations as will provide protection to gold from being cornered and protection from inflation in gold values during periods of excessive demands

Be it enacted, etc., That it is declared to be the purpose of this act (1) to safeguard the gold standard and prevent it from becoming a false and uncertain measure of value; (2) to restore gold to

its former use as a dependable measure of value; (3) to relieve business from such disasters as we now see accompanying the distortion and shifting in the purchasing power of the gold dollars, and, in order to avoid such disasters in the future, to cause to be set up, in competition with gold, another element of value in the reserves of the Treasury of the United States, and for this purpose to authorize the purchase of silver and the placing of it in the reserves of the Treasury, maintaining the single gold standard as a measure of its value, and to provide for its purchase in such amounts as will safeguard the dependability and the integrity of gold as a yardstick of value; (4) to set up a definite monetary use for silver so employed by issuing against this silver a storage receipt or certificate of deposit exactly the equivalent of our present gold certificates; and (5) to make such certificates legal tender.

SEC. 2. The Secretary of the Treasury is authorized and directed to immediately proceed to purchase silver bullion in amounts as hereinafter provided and to deposit silver bullion in the Treasury of the United States as an auxiliary reserve to the present gold reserve, and to issue, for the account of the Treasury of the United States against the silver so deposited, certificates of deposit payable to bearer on demand, which in effect shall be equivalent to the present gold certificates issued by the Treasury of the United States, and which shall be a certificate of deposit rather than a credit obligation, and which shall recite on the face of the certificate: "This certifies that there has been deposited in the Treasury of the United States of America \$_____ in silver, payable to the bearer on demand." Said certificates shall also recite: "This certificate is legal tender in the amount set forth on the face hereof for the payment of all debts and dues, public and private." Certificates shall be issued in denominations of \$1,000, \$100, \$20, and \$10, and in an aggregate amount which shall equal but shall not exceed the amount paid out from the Treasury of the United States in the purchase of the silver bullion that shall have been deposited.

SEC. 3. The silver certificates issued under this act are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, of every nature and description, within the United States of America, and when accepted by the Government shall be reissued and in all respects shall be a part of the lawful money of the United States.

SEC. 4. The silver purchased under this act shall be paid for in silver certificates as provided for in this act, or in lawful money of the United States.

SEC. 5. The Secretary of the Treasury shall have placed at his disposal for the purposes of this act \$150,000,000, which is hereby appropriated for this purpose, to be used as needed in carrying out the provisions of this act, and the amount, when no longer needed for the purposes of this act, shall be paid back to the Treasury of the United States in silver certificates herein provided for.

SEC. 6. The Secretary of the Treasury shall purchase silver at the lowest obtainable price in the markets of the world wherever the silver certificates to be issued under this act shall be accepted in payment therefor. The Secretary of the Treasury is authorized and directed to open negotiations for contracts which shall provide for future deliveries of silver when, in his judgment, this will enable him to secure silver to better advantage to the Treasury in the matter of price. The bullion purchased under this act shall be stored in the Treasury of the United States in blocks or bricks of standard and uniform fineness and in convenient units by weight and stamped by authorized official stamp, as may be determined within the discretion of the Secretary of the Treasury; and upon presentation for redemption by the bearer of the silver certificate provided for in this act, there shall be delivered upon demand an amount of silver equal to the gold equivalent of the face value of the certificate at the market price of silver as of the day prior to the date of presentation.

SEC. 7. The first 150,000,000 ounces of silver provided for in this act shall be purchased or contracted for within 4 months from the passage thereof. An additional 250,000,000 ounces shall be purchased or contracted for before the expiration of 12 months from the passage of this act, and the remaining silver to be purchased under this act shall be purchased as it may be required under the following rising scale of prices:

That the Secretary of the Treasury, after the purchase of the 400,000,000 ounces aforesaid, shall be, and he is hereby, directed and instructed to purchase silver bullion as provided in this act whenever the market price of silver bullion per ounce does not exceed by 3 cents an ounce the daily average market price per ounce of the preceding 90 days; and he shall continue to so purchase until 371½ grains of fine silver reaches a parity in value with 25⅞ grains of gold nine tenths fine; and it shall be his duty to resume purchasing silver bullion whenever it may be obtainable at or under the price of \$1 for 371½ grains of fine silver: *Provided, however,* That in no case shall the amount of additional silver purchased during any succeeding period of 12 months exceed in amount a total aggregate of 200,000,000 ounces for that year nor shall it exceed 100,000,000 ounces per year for any year after the total amount of silver purchased under this act shall aggregate 1½ billion ounces.

SEC. 8. After 3 years from the passage of this act, in order that the stability of gold may be more completely assured, the Secretary of the Treasury shall continue to purchase silver for the use as herein provided (a) whenever silver may be purchased on the silver market under the price of 371½ grains of fine silver for \$1 of gold or (b) whenever the average price of commodities in the United States shall be under the scale of 100 in the com-

modity price level of the United States Bureau of Labor Statistics: *Provided, however,* That the maximum price paid for silver in such case may not exceed its value at the ratio of the world's supply of monetary silver to monetary gold as found by the survey of world accumulations of these metals which the Secretary of the Treasury is hereby authorized and directed to cause to be made and which until such survey is completed is hereby placed at 14⅞ to 1: *Provided further,* That in no case shall the amount of silver purchased under this section of the act, combined with that purchased under other sections of the act for any 1 year, exceed 100,000,000 fine ounces.

SEC. 9. The Secretary of the Treasury is authorized and directed to make rules and regulations for carrying out the provisions of this act and the intent thereof, which is to stabilize the purchasing power of gold by the use of silver in reserves as hereinbefore provided, and shall make full and detailed reports to Congress at regular 90-day intervals as to his operations under this act.

As to this bill, I wish to make the following remarks: This bill puts silver in reserves and maintains the gold standard as a standard of measure. It takes note of the distinction between gold as a standard and gold as a money or reserve. This is the key to the control by America of depressions, because it gives control to the United States of the value of gold, or the commodity price level, by controlling the demand—supply ratio of gold. This is the same thing as saying that stability to price levels in terms of money is arrived at under this bill. By reinstating confidence in reserves it reinstates normal functioning powers of South American and Asiatic countries. It not only adds the \$3,000,000,000 in value to the money of the world, which is the amount that was destroyed by England in 1928-29, but it gives the power to the United States to add \$3,000,000,000 more, or such amount as necessary, of gold values to the world's stock of silver. It acts just as if additional gold mines were opened, with America in control of the amount of gold that could be produced from these mines, for it makes silver have an increased value all over the world. It restores to the silver monetary stocks of the world a dependable value for money purposes in all the banks of the world, and it gives to the United States the control of the value of this silver so that under this bill the United States has the power to control the value of the money metals of the world. Until this bill is enacted, England has had this power, and neither changing the gold content of the dollar nor any other remedy yet proposed takes this control away from England and gives the power to the United States. Every remedy yet proposed leaves this power in the hands of England.

I consider this a sound measure, admirably adapted to our present requirements. Such a bill would restore prosperity to the United States to such an extent as has never before been equaled, and it would represent a normal and stable condition and not a condition of inflation. We would still have speculative reactions on a small scale, but the repercussions from speculative booms could never result in an economic break-down such as we now have. The United States could then go forward and occupy the supreme position to which it is entitled because of its enormous natural resources and its splendid factory equipment.

This bill is based on principles and findings that are set out in the Coinage, Weights, and Measures Committee's report of May 14 to Congress. They take advantage of and mobilize the information contained in this report to the effect that foreign nations have manipulated upward the value of gold and to that extent destroyed our property values and profits, and that this depression we are now going through is the result of legislative enactment of foreign nations.

In this bill you counter foreign legislation and neutralize it, you increase the value of property by exactly the same, though reverse action, as that by means of which this depression has been brought about.

The United States of America, under this bill, is placed in control of the value of money in terms of property, or, to say it in another way, the value of property in the terms of money. The United States is protected from further aggressions of foreign powers in this type of destruction of our property values. We can then enjoy freely the great prosperity which comes to us through our great natural resources, and we can completely revive our great home market for our manufactured goods. This bill restores our

railroad tonnage, it revises the value of railroad securities, it opens the credit facilities of foreign banks of customer countries. It revives our foreign commerce, and it will save the tragedy that is bound to follow from the tamperings with our individualistic or capitalistic system that are bound to come if such protection as this bill affords to our Nation is not provided.

The most remarkable feature of this bill and the plan it employs is this: I have discussed the subject with many students of such questions, and I have never heard any objections seriously advanced, and no objection has been seriously urged in the hearings. It seems to be without serious flaw or defect either in principle or in operating details. It places before the Nation the issue of whether or not we wish to continue the depression. It brings the vital issue of this time to a focus.

I wish especially to bring to the attention of the House the fact that this bill does not set up any monetary use that is not now in operation in the world—there is no experiment here. There is no double standard of measure. We adhere to the single gold standard for the purposes of a unit of value, and yet we give silver the position in our monetary system that puts silver in competition with gold, that affords a controlled use to which we can apply it definitely in our monetary system. We give silver the function of a "metal of ultimate redemption", thus restoring silver to its necessary position as having a definite monetary use. Also, I wish especially to point out that this use of silver is identically the use that is now given in England to gold as a metal of ultimate redemption by means of which England has controlled the value of sterling and captured world markets.

By this I mean to say that the amount of gold that can be purchased at the present time in England for a given amount of sterling exchange would represent a variable amount of gold but approximately a stable amount of value in terms of commodities.

Under the Constitution of the United States, Congress is required to coin money and "regulate the value thereof." There is one tried and proved method for regulating the value of money and that is the method that England now uses.

To change the gold content of the dollar is not a tried and proved method. It is, moreover, difficult to understand how this method can be applied without destroying confidence both in contracts and in money values where money is used as a storage of capital or of wealth. I am not going into the question at this time further than to point out what is and what is not a tried and proved method of controlling the value of money.

Under this bill the United States of America becomes an active factor in regulating the value of its money as under the Constitution it is required to do, and this is the only method by which the value of money can be regulated if we are to follow the approved practices of the nations of the world that have successfully controlled their money values.

After writing to 140 leading economists in every State of the United States, asking for criticism of this bill, not a single serious objection has been urged and no objection has been urged to it which cannot be urged to monetary systems that are now successfully operating in the world. This plan makes the United States independent of foreign nations in the control of its prosperity, which gives us a continuous and permanent price level that in its average will be approximately uniform. It prevents the manipulation of our money in foreign markets, and it gives freedom and independence not only to us but to many other countries of the world with whom we engage in foreign commerce with whom we can trade freely and so bring prosperity to our farmers and other producing industries in the country, and prosperity to them will again restore the home market for our manufactured goods.

Can anyone explain the reason why this matter cannot be discussed freely upon the floor of Congress and freely presented by the Members of Congress who have made a close study of this question to the executive branch of the Gov-

ernment? So far we have failed to produce any remedy that can even be claimed to deal with the cause of this depression. Why can we not seriously consider and seriously debate this remedy? It deals directly with the cause and gives our Government control over it. However, we limit that control to preserving the 1926 price level. But we take the control away from a use it now has in the hands of other nations for bringing about depression. Who is there in Congress who can object to this?

No valid reason against the bill has yet been advanced. Why can we not give it free debate and free discussion on the floor of this House with adequate time for those of us who have studied this bill to explain it and answer questions from those who have not?

THE VETERANS' ECONOMY LAW ANALYZED—EXTENSION OF REMARKS

MR. HOEPEL. Mr. Speaker, I have made an analysis of the Veterans' Economy Act and the regulations. I ask unanimous consent to place this in the RECORD.

MR. GOSS. Mr. Speaker, reserving the right to object, are they the gentleman's own remarks?

MR. HOEPEL. They are my own remarks.

THE SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

MR. HOEPEL. Mr. Speaker, in order that those who favored economies at the expense of the veteran may understand just how these economies are being effected and the results thereof, the following analysis of the law is submitted, showing its inequalities, injustices, inhumanities, and glaring inconsistencies.

Instead of establishing or initiating a uniform and humane method of application in the award of pensions or gratuities to our veterans and their dependents, it is found that the racketeering program of the Veterans' Administration has been perpetuated in the same manner as has heretofore existed. Instead of applying economies in a sensible, humane, and just manner, all the old injustices and favoritism for certain classes of veterans continue to exist.

For instance, the veterans who volunteered for service in the Philippine insurrection and who enlisted in response to the call for such service are removed from the pension rolls without any recourse whatever unless they actually participated in service in China or the Philippines. In other words, men who entered the service as volunteers, with no other purpose in mind than to serve their country in battle, will be peremptorily removed from the pension rolls because they did not serve on foreign shores. These men are not even entitled to the pittance of \$6 per month after attaining the age of 62 years. Veterans of the World War who were inducted or drafted into service prior to November 13, 1918, and others who were drafted but who never entered the service are granted equal benefits for disease or injury incurred in line of duty during the World War, whether they left the United States or not. Thus, unlike the Spanish War veteran, the World War veteran who did not leave the city of Washington is granted the same and equal disability benefits with men who suffered disabilities in the trenches. It is not understood why the Veterans' Administration would so abjectly discriminate against volunteers who enlisted specifically for service in the Philippines and, at the same time, favor the men who were inducted or drafted into service, both groups having served during a war period. To penalize one group which did not leave American shores and to favor the other group, which also did not leave American shores, is an inequality of a drastic nature, tragic in its effect, favoring, as it does, the youthful veteran and discriminating against the aged volunteer who has only a few more years to live!

Widows and dependents of the men who volunteered for service in the Philippine insurrection but who, through the exigencies of the service, failed to actually participate therein, will also be peremptorily removed from the pension rolls. They are not even permitted the pittance of \$15 per month granted to widows of Spanish War veterans.

Outstandingly unfair is the further application of the new Veterans' Administration regulations wherein veterans who served 2 years or more in the Philippines and who are 99 percent disabled (non-service-connected) are now prohibited from receiving any pension. Notwithstanding they are aged and infirm and unable to provide for themselves, these men, who suffered the hazards of battle and made continuous sacrifices during the 2 years of their arduous service in the Philippines, are today forced to appeal to public charity, merely because they cannot prove service-connected disabilities. If they are past 62 years of age, a mere pittance of \$6 per month is authorized for them.

In comparison, we find childless widows of such veterans granted \$15 per month. In other words, the man who suffered and sacrificed and offered his life repeatedly is thus peremptorily removed from the pension rolls, while the widow of a veteran of the same class, who, perhaps, married him on his deathbed, continues to receive a pension, provided the marriage took place prior to September 1, 1922.

Another glaring inconsistency is that veterans, totally disabled, but whose disabilities are not service-connected, receive only \$20 per month, which is insufficient to maintain them and is less than many States provide for their indigent aged citizens who did not serve in war. In addition, if a totally disabled veteran, receiving \$20 per month, has an income from any other source aggregating \$1,000 per annum, the pension of \$20 per month is taken from him. This income restriction also applies to widows receiving \$15 per month.

In view of the fact that the veteran's disability, while not provable as service-connected, is clearly, in many instances, a result of service, such a deduction is obviously unfair. Veterans known to the writer, who have served in 2 or 3 wars and who carried their disabilities without applying heretofore for pension, are thus forced, in a sense, to declare themselves paupers in order to become eligible for a pension for disabilities attributable, if not directly connected with, their service in war.

Spanish War veterans with 89 days' service, discharged for partial disability incurred in service and who are today totally disabled, actually receive less pension under the new law than does a Spanish War veteran, today totally disabled, who served 91 days and who left the service in perfect health.

Civil War veterans with 90 days' service and Indian War veterans with 30 days' service only, who did not serve in combat and who have no service-connected disabilities, suffer a loss of 10 percent only in their present pensions. Widows of such veterans also suffer a reduction of only 10 percent in pension. The Spanish War, Philippine-insurrection, and World War veterans who served in combat and who are 99 percent disabled (non-service-connected) are entirely removed from the pension rolls. The widows of such veterans are permitted a pension of \$15 per month, which represents a reduction of 50 percent of their present rates. The widows, however, of such World War veterans are entirely denied a pension.

PENSION PAYMENTS FOR DISABILITY OR DEATH INCURRED IN PEACE-TIME SERVICE

In some instances, pensions for peace-time disabilities are increased, the increase, however, being entirely disproportionate with the rates received for the same disabilities suffered during the World War by men who remained safely at home.

More specifically, a veteran who enlisted November 11, 1918, and who served 90 days, if totally disabled in service, receives \$80 pension, whereas a veteran who enlisted November 13, 1918, and who likewise is totally disabled, receives only \$30 pension, notwithstanding that both may have been injured in the same manner, at the same place.

Peace-time veterans who lost sight of both eyes receive only \$87 per month, whereas similarly disabled war-time veterans, who did not leave the United States, receive \$175 per month.

Regardless of the degree of disabilities incurred in service, peace-time veterans are excluded from Veterans' Adminis-

tration facilities in soldiers' homes and hospitals. Peace-time veterans who left the service with or without disabilities, if now disabled and not able to pursue a gainful occupation, are freely admitted to the United States Soldiers' Home. Thus, the United States Soldiers' Home is more liberal in its entrance requirements for peace-time veterans than is the Veterans' Administration.

Men who lost their eyesight in service suffer a reduction of 38 percent in pension under the new law.

Widows of peace-time veterans, as well as all other widows, appear to be especially favored in the new regulations. For instance, widows of deceased peace-time veterans receive only 25 percent less pension than do widows of veterans killed or who died as a result of battle. Peace-time veterans receive, for total disabilities, approximately 166 percent less than do veterans disabled in time of war who did not leave the United States.

WORLD WAR VETERANS' DISABILITY AND DEATH BENEFITS

World War veterans are granted a presumption of service connection of chronic diseases which became manifest to a 10-percent degree or more within 1 year after separation from the service, with a proviso that the Government is authorized to rebut such presumption. Inasmuch as many of the most deserving World War veterans did not advance their service-connected disabilities within 1 year and others only advanced them after the stock-market debacle of 1929, it is quite apparent that thousands upon thousands of worthy emergency officers and enlisted men of the World War, directly or presumptively service-connected, will be peremptorily removed from the pension rolls.

In instances of presumptively service-connected cases, where the veteran has since died, the widow and other dependents of such veteran will also be removed from the pension rolls. This feature is one of the most objectionable of the entire new economy regulations, as no rebuttal evidence is obtainable where the veteran has succumbed to what he averred and which were officially recognized as presumptively service-connected disabilities but which were not advanced within 1 year of discharge.

Men who are as much as 100 percent disabled from battle casualties, under the new rating schedules, will have their present disability awards reduced 20 percent or more, and in addition they also will lose the family dependency allowances which heretofore applied. Thus, in many instances, the total loss to battle-disabled enlisted men may average as high as 40 percent or more.

Pensions for widows and dependents remain as heretofore, with the exception as stated above, through which dependents of World War veterans who died with presumptively service-connected disabilities will be removed from the rolls.

Another vital change reduces the limitation of pension age for World War veterans' children from 21 years to 16 years. In other words, while children are not self-supporting, and while they are yet compelled to attend school in most States, the benefits heretofore provided by the Government for them are withdrawn. This is especially inhuman where it applies to children who were bereft of a breadwinner owing to the death of their father in battle. Furthermore, widows who lost their husbands in battle or as a result of combat should be granted more pension than widows who married 10 or more years after the war, recognizing at the time of marriage that their husbands were disabled and their tenure on life more or less restricted. In many instances nurses married such veterans on their deathbeds; and, under the unfair application of the new regulations, these widowed wives of 1 day receive an equal pension with those who lost their loved ones in the supreme sacrifice on the battlefields of France.

Another innovation in the new regulations provides pensions for draftees who were not accepted for service, on an exact equality with men who served and were disabled in action.

HOSPITALIZATION AND DOMICILIARY CARE FOR WAR VETERANS

The new regulations provide hospitalization for direct service-connected veterans when hospitalization is required

for such service-connected disabilities only. In such instances transportation is paid to and from the hospital by the Government. The thousands upon thousands of veterans today receiving compensation for presumptively service-connected disabilities will have absolutely no hospitalization privileges under the new regulations, notwithstanding that, in the majority of instances, the disabilities these men suffer were incurred in service but not advanced by them within 1 year after their discharge. More specifically, the patriotically minded emergency officers and enlisted men who failed to advance their disabilities within the prescribed period, who carried their disabilities within their own hearts, and who only applied for benefits when their breakdown became more pronounced or their finances restricted, are thus unfairly barred from obtaining hospitalization which by every right should be accorded to them.

The non-service-connected disabled veterans must be permanently disabled and have no means of support before hospitalization is granted to them; or, in other words, they must be paupers before the Veterans' Administration will permit their hospitalization, even though, as in the thousands of cases of Spanish War veterans, their disabilities are positively due to service in the tropics, the eating of embalmed beef, and the result of improper or inadequate sanitary provisions.

Peace-time disabled veterans are not permitted entry to Veterans' Administration hospitals or soldiers' homes.

Most objectionable and unfair is a provision in the new regulations which denies a totally disabled emergency officer or enlisted man more than \$15 per month while he is undergoing treatment for battle-connected disabilities. In other words, an individual who has made almost the supreme sacrifice and who requires treatment to assuage or alleviate his suffering, finds his pension reduced to the pittance of \$15 per month. This same restriction prevails where such battle-disabled veterans are members of a soldiers' home. However, in such instances, where the refuge is of a permanent nature, there may be some excuse, with our present national deficit, for such a restriction, but by no stretch of the imagination is such limitation on pension within the bounds of common sense or justice for those who are seeking surcease from disabilities incurred in combat with an enemy. Whether a disabled veteran is single or married, his disability, his reduced earning power and his right to the pursuit of happiness are just as vital in either case, and the regulation which today denies a single veteran his pension while undergoing treatment is an abrogation of the principles of justice inherent in the hearts of true Americans.

The further provision in the new law that totally disabled war veterans who cannot prove service connection and who are in receipt of \$20 per month arbitrarily have their pensions reduced to \$6 per month while in a Veterans' Administration hospital or soldiers' home is also inconsistent with clearly demonstrable facts.

The majority of veterans of the Spanish-American War who cannot prove service-connection, and who will thus have their pensions reduced to \$6 per month, suffer with disabilities directly or indirectly traceable to the fever camps of the South or rigid service in the Tropics. To reduce these men to \$6 per month while they are in a Veterans' Administration hospital or soldiers' home and to further require that they purchase their own clothes from this \$6 is an affront to the patriotic veterans of all wars and to the patriotic instincts of the American people.

Under the application of the provisions for hospitalization and domiciliary care is found the only instance where Spanish and World War veterans are equally considered with Civil and Indian War veterans. These two latter groups suffer reduction in pension to \$15 per month while receiving these facilities if their disabilities are service connected, and those not service connected receive only \$6 per month and must, in addition, purchase their required clothing from this pittance. This provision virtually reduces the pension of all Civil War veterans to \$15 per month while in a hospital and to \$6 a month while in a soldiers' home, and is a most

arbitrary economic innovation at the expense of those honorable defenders of our Nation.

Indian war veterans who served less than 90 days, but whose total service was more than 30 days, suffer no basic pension reduction. They are, however, denied hospitalization and domiciliary care unless their disabilities are service connected.

Enlisted men discharged in peace time for tuberculosis or neuropsychiatric ailments incurred in line of duty are absolutely barred from hospitalization or domiciliary care.

GENERAL SUMMARY

The new regulation, which provides that pension or emergency officers' retired pay shall be withheld from any person who is employed in any capacity by the Government, or by any corporation in which the majority of stock is owned by the United States, is palpably an injustice of the most virulent type. Under this regulation, a veteran whose physical condition is impaired in line of duty, or, for instance, who may have been disabled in air training or other activity directly connected with war, is prohibited from working for the Government in any capacity unless he relinquishes his pension or emergency officers' retired pay. This inhibition prevails whether or not the veteran may be employed at the most menial task in Government and earning less than \$1,000 per annum. Had this prohibition been written to provide a minimum salary exemption and had it been made to include all pensioners earning any income rather than to apply only to those in Government service, it might have been reasonable, considering the present status of the Treasury. Striking as it does, however, only at those who are employed by the Government, regardless of their compensation, it is a direct denial of the right of a disabled veteran to earn a livelihood at a recognized living standard in the service of the Government which he enlisted to protect from an alien foe. Especially inconsistent is this regulation, and unfair by every standard of common justice, inasmuch as wealthy widows who married their husbands years after the war, or perhaps on their deathbeds as many nurses did, if employed by the Government, continue to receive their pension, plus their civil compensation, whereas the veteran himself, who suffered injury and disability during the war, is denied the right to pension while so employed.

The new regulations which permit only 50 percent of pension or emergency officers' pay to veterans living outside of the United States is a gesture in the right direction; but when such reduction is made to apply toward men who risked their lives in battle and who are disabled as a result of such combat, it is a travesty on common justice. Our Government should do all within reason for those who suffered disabilities in actual combat with the enemy.

BURIAL PROVIDED FOR INDIGENT VETERANS ONLY

The new regulation, granting \$75 funeral and burial expenses, including transportation for the deceased veteran, is predicated upon the pauperism of the veteran. Even though a deceased veteran has indigent dependents, any moneys due him for pension or emergency officers' retired pay, and even a mere pittance of a few cents in his possession at death, must first be applied toward the amount of \$75 provided for burial. The Government will then make up any deficiency to provide the \$75 authorized by law. This regulation is, by some, considered as a regulation to rob the dead. If, perchance, the county, State, or some lodge or fraternity defrays the expense of burial for the deceased veteran, to an amount of \$75 or more, in that event, the Government does not defray any expense of burial of the deceased, and such assets as he may have had at the time of death, including pension due him, are turned over to his dependents.

As many counties and States provide burial for indigent veterans to an amount of \$125 or more, it is doubted whether the Government will ever be called upon to provide burial expense for indigent veterans since the counties and States appear to be more favorably inclined toward deceased veterans than is the Government which the veteran himself served in war.

It is provided, however, that if the veteran is buried as a pauper by the county, State, or municipality, the Government will at least furnish a flag for the burial, which is then turned over to the next of kin.

PENSION ATTORNEYS PROFIT AT EXPENSE OF VETERAN

Heretofore pay was not authorized for pension attorneys in presenting claims of World War veterans. Under the new regulations pension attorneys are authorized, the fee for services to be designated by the Veterans' Administration. This innovation constitutes a financial obstacle to the veteran in obtaining benefits due and adds to the administration of veterans' affairs a parasitic group who will profit at the expense of the veteran.

As benefits under the new law are easily obtainable by all veterans who had hospital records during war service, and are almost unobtainable or enmeshed with almost insurmountable obstacles for those who did not advance their disabilities during service or within 1 year after discharge, the application of this law tends to encourage malingering and shirking of duty. With this law accepted as the standard, soldiers of future wars (which God forbid) may find it incumbent and desirable to first obtain a medical history and to avail themselves of hospitalization at every opportunity for the purpose of protecting their interest and that of their potential dependents rather than to give the full measure of loyalty and duty characteristic of our defenders in the past, and for which they are today being penalized under the abolition of presumptively service-connected disabilities.

FINAL ANALYSIS

Limited space prevents the further discussion of many of the cumbersome and improper proceedings which were in the old law and which are continued in the new. The veteran question will not be adequately or properly solved until the present Veterans' Administration set-up is radically changed in the interests of efficiency and economy and a uniform scale of pensions established. In justice to the veteran, pensions should be predicated upon—

First. Disabilities incurred in combat.

Second. Disabilities incurred during a war period (directly and presumptively service connected).

Third. Disabilities incurred in line of duty in time of peace.

Fourth. Disabilities which the veteran is unable to prove as service connected after a liberal application of the presumptive provisions.

Fifth. Dependency (widows and other dependents).

If a uniform scale of pensions, hospitalization, and domiciliary care were predicated in accordance with the above classifications, the expense of administration would be most radically reduced, the proper and just awards and treatment accorded to our veterans would be standardized, and in that sense, accepted by the veteran with little or no disapproval. Such acquiescence cannot be expected in the present abortive law, which, in its application today, is merely a continuance of the old set-up in which the slash has been made indiscriminately, without proper consideration to the interests of the veteran or the taxpayer. Not only have our national defenders, in peace and in war, been the victims of a ruthless economy hysteria, which has apparently swept all reason and common sense aside, but the American people likewise, who are not unmindful of the sacrifices so generously made for the national defense, have been betrayed. When the chaotic effects of our financial debacle have passed, they will demand the enactment of a comprehensive veterans' program, not only meeting the needs of efficiency and economy in government but honoring the principles of justice and expressing the grateful appreciation of the Nation as well.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GLOVER (at the request of Mr. DRIVER), on account of attendance at Annapolis as a member of the Board of Visitors.

To Mr. FIESINGER, indefinitely, on account of illness.

To Mr. LINDSAY, for the remainder of the week, on account of the death of his brother, John H. Lindsay.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. RANKIN. Mr. Speaker, may I say to the gentleman from South Carolina I should like for him to withhold the ordering of the previous question until tomorrow, because we might come to some agreement about time to discuss this proposition, and I would rather he would not move the previous question.

Mr. McSWAIN. I do not mind withholding it, but I may say we cannot have any debate.

Mr. RANKIN. Why? There may be some change. Let us sleep over it.

Mr. BYRNS. Mr. Speaker, we have another rule on a matter that must be considered tomorrow.

Mr. RANKIN. I understand, but this is one of the most important questions with which this Congress will have to deal, I may say to the gentleman from Tennessee.

Mr. BYRNS. We have already discussed it 7 hours.

Mr. RANKIN. I understand that, but we did not get time to discuss this part of the bill.

Mr. McSWAIN. Very well.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. I understood the gentleman from Mississippi to say that he gave notice that he proposed to offer a motion to recommit. I did not understand he had offered it.

Mr. RANKIN. Yes; I may say to the gentleman from New York I did offer it and it is pending.

The SPEAKER. The gentleman from Mississippi offered a motion to recommit and it is pending.

ADJOURNMENT

Mr. McSWAIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 25, 1933, at 12 o'clock noon.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4509) for the relief of George Henry Clayberger; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4512) granting a pension to Harry C. Spring; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LOZIER: A bill (H.R. 5203) to reduce to \$500 the maximum amount which may stand to the credit of any one person in a postal-savings account, and to reduce the rate of interest on such accounts; to the Committee on the Post Office and Post Roads.

By Mr. WHITE: A bill (H.R. 5204) to preserve and protect the gold standard through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to the gold standard and operate to restore and stabilize commodity prices; to the Committee on Coinage, Weights, and Measures.

By Mr. DIMOND: A bill (H.R. 5205) transferring the jurisdiction, supervision, administration, and control over the salmon and other fisheries of Alaska, except the fur-seal and sea-otter fisheries, from the Department of Commerce to the Territory of Alaska, and for other purposes;

to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. RUDD: A bill (H.R. 5206) to amend the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes"; to the Committee on the Post Office and Post Roads.

By Mr. WOOD of Missouri: A bill (H.R. 5207) to reduce from 16 hours to 12 hours the number of hours that employees of certain common carriers may be continuously on duty; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 5208) to amend the probation law; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 5209) extending the legislative power of the Legislature of the Territory of Alaska to include the game laws and laws relating to fur-bearing animals applicable to Alaska, and transferring the jurisdiction, supervision, administration, and control of the game and fur-bearing animals of Alaska from the Department of Agriculture to the Territory of Alaska, and for other purposes; to the Committee on the Territories.

By Mr. DICKSTEIN: Resolution (H.Res. 118) to provide for the assignment to the Committee on Immigration and Naturalization the suite of rooms in the New House Office Building, No. 1536, which has been tentatively assigned to, but not occupied by, the Committee on the Library; to the Committee on Accounts.

By Mr. BURKE of California: Joint Resolution (H.J.Res. 162) to amend the provisions of the Emergency Relief and Construction Act of 1932 relating to loans for reconstruction of buildings damaged by earthquake in 1933; to the Committee on Banking and Currency.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Territory of Hawaii, memorializing Congress to restore to the Public Utilities Commission of the Territory of Hawaii jurisdiction over certain public utilities; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Territory of Hawaii, memorializing Congress to provide the same pay, etc., for the adjutant general of the Territory of Hawaii as officers of corresponding grade of the Regular Army are entitled to by law; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H.R. 5210) granting an increase of pension to Sophia Snuffin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5211) granting an increase of pension to Oscar Fields; to the Committee on Pensions.

Also, a bill (H.R. 5212) granting an increase of pension to Mary A. Dyer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5213) granting a pension to Gregg Garrison; to the Committee on Invalid Pensions.

By Mr. BRUNNER: A bill (H.R. 5214) for the relief of Guiseppe Sperduto; to the Committee on Claims.

By Mr. CUMMINGS: A bill (H.R. 5215) granting a pension to Robert C. Humphrey; to the Committee on Pensions.

By Mr. DE PRIEST: A bill (H.R. 5216) for the relief of E. B. Gray; to the Committee on Claims.

By Mr. DISNEY: A bill (H.R. 5217) for the relief of T. L. Rippey, who suffered loss by fire in Josephine County, State of Oregon, during September 1924; to the Committee on Claims.

By Mr. DRIVER: A bill (H.R. 5218) for the relief of Felix Maupin; to the Committee on Naval Affairs.

By Mr. FORD: A bill (H.R. 5219) for the relief of Elijah C. LeCount; to the Committee on Military Affairs.

Also, a bill (H.R. 5220) for the relief of Squire Estes; to the Committee on Military Affairs.

Also, a bill (H.R. 5221) for the relief of George A. Gundelfinger; to the Committee on Military Affairs.

Also, a bill (H.R. 5222) for the relief of Earl E. Keen; to the Committee on Military Affairs.

Also, a bill (H.R. 5223) for the relief of Barney E. Wells; to the Committee on Naval Affairs.

Also, a bill (H.R. 5224) granting a pension to Sarah A. Willig; to the Committee on Invalid Pensions.

By Mr. GRISWOLD: A bill (H.R. 5225) granting a pension to Ula M. Hoover; to the Committee on Pensions.

By Mr. KURTZ: A bill (H.R. 5226) authorizing the Secretary of the Treasury to convey certain land, together with building thereon, to the city of Altoona, Pa., for a public library; to the Committee on Public Buildings and Grounds.

By Mr. McCORMACK: A bill (H.R. 5227) for the relief of James Francis O'Brien; to the Committee on Naval Affairs.

By Mr. RANDOLPH: A bill (H.R. 5228) to authorize the payment of hospital and other expenses arising from an injury to Florence Glass; to the Committee on Claims.

Also, a bill (H.R. 5229) for the relief of Jessie D. Bowman; to the Committee on Claims.

By Mr. STOKES: A bill (H.R. 5230) granting a pension to Mary R. Dillon; to the Committee on Invalid Pensions.

By Mr. WOOD of Missouri: A bill (H.R. 5231) granting a pension to Grace L. Horn; to the Committee on Invalid Pensions.

By Mr. GIBSON: A resolution (H.Res. 117) for the relief of Victoria M. Vodila; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

654. By Mr. ARENS: Petition of Railway Mail Post, No. 23, America Legion, Department of Minnesota, Corliss W. Resor, adjutant, favoring the placing of postmasters of the first-, second-, and third-class post offices under Civil-Service rules; to the Committee on the Civil Service.

655. Also, petition of Olga E. Hammerbeck, secretary Minnesota Farm Bureau Association, Little Falls, Minn., to retain the county-agent service; to the Committee on Agriculture.

656. By Mr. CARTER of California: Petition of approximately 170 employees of the Hazel-Atlas Glass Co., of California, protesting against the passage of the Black bill limiting labor to 30 hours per week; to the Committee on Labor.

657. By Mr. CRAVENS: Petition of Caddo River Lumber Co., Glenwood; residents of Norman, Amity, Rosboro, Mount Ida, Mauldin, Caddo Gap, Glenwood, Forester, and Glenwood Chamber of Commerce, Glenwood; Southern Pine Lumber Co. and David Wright, foreman, and 60 employees of Tennison Bros., of Texarkana; Oscar C. Parks, of Glenwood; Border Queen Kitchen Cabinet Co., Fort Smith, all of the State of Arkansas, protesting against passage of the Black bill, S. 158; to the Committee on Labor.

658. Also, petition of presidents and secretaries of seven locals of the United Mine Workers of America, and secretary-treasurer Arkansas State Federation of Labor, requesting support of Black 5-day-week bill, S. 158; to the Committee on Labor.

659. Also, petition of Eureka Coal Co., Dixie Fuel Co., New Shockley Coal Co., Superfuel Coal Co., Carbon Coal Co., Sullivan Coal Co., Jewell Mining Co., Paris Purity Coal Co., New Union Coal Co., Mack Coal Co., Comet Coal Co., Diamond Coal Co., Victor Coal Co., and Blue Ribbon Coal Co., of Paris, Ark., protesting against passage of Black bill, S. 158; to the Committee on Labor.

660. Also, petition of Southwestern Coal Co., Fort Smith; Logan County Marketing Co., Paris; Arkansas-Oklahoma Coal Operators' Association and R. A. Young & Son Coal Co., Fort Smith; Paris Purity Coal Co., Paris; 12 coal operators in Clarksville field; other Fort Smith mining and manufacturing interests; Hon. Henry Moore, Jr., Texarkana., all of

the State of Arkansas; and Continental Gin Co., of Memphis, Tenn., protesting against passage in the House of the Black bill, S. 158; to the Committee on Labor.

661. By Mr. ELTSE of California: Petition of the California Legislature, relative to the acceptance of the cemetery at Sawtelle, Calif.; to the Committee on Military Affairs.

662. By Mr. FORD: Petition protesting against discontinuance of services of Army engineers on harbor work; to the Committee on Rivers and Harbors.

663. Also, resolution from the Board of Supervisors of the County of Los Angeles, approving and urging favorable consideration and action by Congress on Senate bill No. 158, providing for establishment of 5-day 30-hour week; to the Committee on Labor.

664. By Mr. JOHNSON of Texas: Petition of George L. Roxburgh, president, and H. F. Borg, secretary, of the Corsicana (Tex.) branch of the Letter Carriers' Association, favoring President's 30-year compulsory-retirement measure; to the Committee on Appropriations.

665. By Mr. LINDSAY: Petition of Newport Chamber of Commerce, Newport, R.I., urging continuance of the Newport Naval Training Station; to the Committee on Naval Affairs.

666. Also, petition of Madison Square Cooperative Association, Jackson Heights, New York City, favoring amended or optional 30-year retirement bill; to the Committee on Appropriations.

667. Also, petition of United States Customs Inspectors Association Port of New York, J. V. Treacy, president, opposing the retirement service bill; to the Committee on Appropriations.

668. Also, petition of Leo I. Cashin, of Brooklyn, N.Y., opposing Senate bill 158, the Black bill; to the Committee on Labor.

669. Also, petition of National Converters Institute, of Chicago, Ill., concerning the administration labor bill; to the Committee on Labor.

670. Also, petition of F. E. Compton & Co., New York City, opposing House bill 3769, the Reilly bill; to the Committee on Interstate and Foreign Commerce.

671. Also, petition of Greyling Realty Corporation, New York City, favoring certain amendments to the Federal Home Loan Bank Act; to the Committee on Banking and Currency.

672. Also, petition of Boyertown Burial Casket Co., New York City, opposing the 30-hour labor bill; to the Committee on Labor.

673. Also, petition of Rossman Bros. & Messner, Inc., importers and converters of fabrics, New York City, opposing House bill 3769, the Reilly bill; to the Committee on Interstate and Foreign Commerce.

674. Also, petition of New York Board of Trade, Inc., New York City, concerning House bill 3769; to the Committee on Interstate and Foreign Commerce.

675. Also, petition of the Power Authority of the State of New York, New York City, concerning House Joint Resolution 157; to the Committee on Interstate and Foreign Commerce.

676. Also, petition of J. R. Edwards & Co., investment securities, Cincinnati, Ohio, concerning the new securities act; to the Committee on Interstate and Foreign Commerce.

677. By Mr. LOZIER: Petition of Theodore Bazan Post, No. 6, of the American Legion, of Moberly, Mo., commending President Roosevelt for his fearless leadership, and approving the action of the President and the Congress in meeting the present national emergency; to the Committee on Ways and Means.

678. By Mr. LUNDEEN: Petition of the Legislature of the State of Minnesota, urging Congress to pass legislation providing relief to hard-pressed counties and drainage districts on account of drainage bond indebtedness at the earliest possible time; to the Committee on Appropriations.

679. Also, petition of the American Legion, Railway Mail Post, No. 23, St. Paul, Minn., favoring the placing of postmasters in first-, second-, and third-class post offices under Civil Service rules; to the Committee on the Civil Service.

680. Also, petition of the city of Eveleth, Minn., approving President Roosevelt's reforestation project, and asking that through said project employment be given to many of the unemployed of the community of Eveleth; to the Committee on Labor.

681. Also, petition of Minneapolis Bearcat Post, No. 504, American Legion, urging an investigation of Reconstruction Finance Corporation loans to the Pennsylvania Railroad; to the Committee on Banking and Currency.

682. Also, petition of the State Legislature of the State of Minnesota, memorializing the President of the United States and Congress that appropriate action be taken to place in the hands of a judicial tribunal the determination of damages suffered by owners of property bordering the Lake of the Woods, and to authorize the Department of Justice to compromise and adjust the valid claims arising out of the fluctuation of the level of said lake; to the Committee on the Judiciary.

683. Also, petition of American citizens in meeting held March 27, 1933, at Temple Israel in Minneapolis, Minn., urging that the State Department of the United States Government be asked to use its good offices to convey to the German Government the grave concern felt by a large number of American citizens regarding the treatment of the Jews in Germany; to the Committee on Foreign Affairs.

684. Also, petition of Currency Study Club, of Willmar, Minn., urging the passage of the Wheeler bill for the re-monetization of silver, the Rankin bill for stabilizing the purchasing power of the dollar, the Patman bill for payment of the soldiers' bonus, and the Frazier bill for the refinancing of farm mortgages; to the Committee on Banking and Currency.

685. Also, petition of Minneapolis Bearcat Post, No. 504, the American Legion, urging an increase in the postal rates on newspapers, magazines, and periodicals, so as to wipe out the deficit of the Post Office Department; to the Committee on the Post Office and Post Roads.

686. By Mr. McFARLANE: Petition of the Legislature of the State of Texas, requesting the Federal Government, either at the end of the present emergency act levying a Federal tax on gasoline or by June 1, 1934, to abandon this field of taxation and leave the same entirely to the States and their subdivisions; to the Committee on Ways and Means.

687. Also, petition of the Legislature of the State of Texas, urging upon the Congress of the United States the passage of the necessary legislation authorizing the construction of an additional storage reservoir upon the Rio Grande River at or near the line between the States of Colorado and New Mexico, and the construction of a drain for the purpose of augmenting the water supply in the Rio Grande River; to the Committee on Flood Control.

688. By Mr. RUDD: Petition of the Greyling Realty Corporation, New York City, favoring the passage of the Federal home loan bill, to include homes valued not in excess of \$25,000; to the Committee on Banking and Currency.

689. Also, petition of the New York Board of Trade, Inc., New York City, opposing the passage of House bill 3759, which will limit or restrict the United States courts in the selection of receivers to natural persons; to the Committee on the Judiciary.

690. Also, petition of National Converters Institute, Chicago, Ill., opposing the passage of the 30-hour work-week legislation; to the Committee on Labor.

691. Also, petition of Rossman Bros. & Messner, Inc., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

692. Also, petition of F. E. Compton & Co., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

693. Also, petition of Boyertown Burial Casket Co., New York City, with reference to the 30-hour work week and the exemption of the casket industry; to the Committee on Labor.

694. Also, petition of J. R. Edwards & Co., Cincinnati, Ohio, favoring certain amendments to the proposed securities act; to the Committee on Interstate and Foreign Commerce.

695. Also, petition of Madison Square Cooperative Association, Jackson Heights, Long Island, N.Y., favoring optional retirement of Federal employees; to the Committee on Appropriations.

696. By Mr. SNELL: Petition of National Motorship Corporation against bills H.R. 3348 and 4599; to the Committee on Merchant Marine, Radio, and Fisheries.

697. By Mr. SUTPHIN: Petition of George P. Vanderveer Post, No. 129, American Legion, Toms River, N.J., urging continuance of the lighter-than-air service in the Navy as well as the continued operation of the Lakehurst Naval Air Station; to the Committee on Naval Affairs.

698. By Mr. TRAEGER: Petition of the Assembly and Senate of the State of California, dated April 4, 1933, urging enactment of a moratorium on foreclosures of real-property

mortgages and on sales under deeds of trusts on real property; to the Committee on the Judiciary.

699. Also, petition of the Assembly and Senate of the State of California, dated April 11, 1933, urging adoption of legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

700. By Mr. TURNER: Petition of the Houston County Court, Houston County, Erin, Tenn.; to the Committee on Ways and Means.

701. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Postmaster General to issue a series of special stamps in commemoration of the three-hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Judiciary.

702. By the SPEAKER: Petition of the Committee of the Farmers' Educational and Cooperative Union of America and the Holiday Association, urging that Senate bill 457 be substituted for title II, agricultural credits, of House bill 3835; to the Committee on Agriculture.